



Daily Report

East Asia

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Malaysian Minister Addresses Southeast Asian Forum

BK0403112696 Kuala Lumpur Voice of Malaysia in English 0800 GMT 4 Mar 96

[FBIS Transcribed Text] ASEAN will face the risk of losing its identity if its membership was opened to countries outside Southeast Asia.

Foreign Minister Datuk Abdullah Ahmad Badawi, reiterating that ASEAN belongs to only the 10 nations of Southeast Asia, says he was committed to open regionalism, engagement with non-ASEAN countries, and this could be fostered through other means such as bilateral relations, dialogues, and common participation in larger regional professions.

Addressing the seventh Southeast Asian forum in Kuala Lumpur, he said of late, some ASEAN member countries are feared to be going through some kind of identity crisis and had advocated the admission of non-Southeast Asian states, citing economic linkages and geographical proximity.

ASEAN Information Ministers Agree on Satellite Channel

BK0803142996 Singapore THE STRAITS TIMES in English 8 Mar 96 p 1

[Unattributed report]

[FBIS Transcribed Text] ASEAN countries are considering setting up a joint satellite television channel to present an ASEAN approach to news and entertainment.

The seven ASEAN ministers agreed at the close of the fourth ASEAN information ministers meeting yesterday to get a group of technical experts to meet in Kuala Lumpur later to put up a report on an ASEAN satellite channel.

"Such a channel would be a major collaborative effort by the governments and the private sectors of ASEAN

countries to make use of available knowledge, skills and resources in the field of satellite communication," said the statement.

Earlier in the one-day conference the proposal for such a satellite channel had received strong support.

Minister for Information and the Arts George Yeo had encouraged the private sector to invest in it.

Sketching out how the channel could work, he said national broadcasters could offer programmes free or at lower cost to the regional channel. A common channel would enable ASEAN to present its views and cultures more effectively to the world, he added.

By grouping together to offer a common channel, ASEAN countries stood a better chance of persuading cable television operators around the world to carry the ASEAN channel, he said, adding one model which could be followed was that of French Channel Five, a co-operative effort by France, Belgium, Switzerland and Quebec.

Philippine Press Secretary Hector Villanueva and Indonesia's Information Minister Harmoko urged that work on the channel proceed quickly.

Brunei's Home Affairs Minister Pehin Datuk Isa noted that an ASEAN satellite channel would need correct marketing and programming strategies, as well as "a strong will, perseverance and solid financial backing" to get off the ground.

Malaysia's Information Minister Mohamed Rahmat said there was a need for ASEAN to develop common principles in managing the development of information technology and broadcasting infrastructure, without creating adverse effects on neighbouring countries.

He invited organisations in the region to make use of Malaysia's recently launched satellite, the MEASAT-1 [Malaysia East Asia satellite].

Japan

Japan: Yamasaki Urges Debate on Military Cooperation With U.S.

OW1003072296 Tokyo KYODO in English
0657 GMT 10 Mar 96

[FBIS Transcribed Text] Tokyo, March 10 KYODO — A senior official of the main ruling coalition partner Liberal Democratic Party (LDP) called Sunday [10 March] for consideration of specific ways for Japan to cooperate with the U.S. military in coping with emergencies.

Taku Yamasaki, head of the LDP's Policy Affairs Research Council, made the appeal on a television program in connection with rising tensions between China and Taiwan amid Chinese missile tests.

It is the government's view that an article in Japan's Constitution banning the use or threat of force in settling international conflicts bars Japan from helping allied forces attack third countries.

But Yamasaki said developments like the China-Taiwan tensions inevitably highlight the advisability of reviewing the ban on the right to collective self-defense.

"We should discuss, as a question right before our eyes, the extent to which we can cooperate in U.S. military operations for the sake of our own national defense," he said.

He noted in this connection that the U.N. Charter defines collective defense as a right of sovereign states, suggesting that he favors a change in the government view.

Japan: DA To Sign Pact on Funding 'Limited' U.S. Forces Training

OW1103052196 Tokyo ASAHI SHIMBUN
in Japanese 10 Mar 96 Morning Edition p 1

[FBIS Translated Text] Japan and the United States intend to reach an accord on the Acquisition and Cross-Servicing Agreement (ACSA) during the summit talks scheduled for April, and it is likely that the ACSA will also be made applicable to independent training by U.S. Forces in limited cases. Originally, while the Japanese side wanted to limit the range of ACSA application to "joint training in peace time," and to "cooperation in UN peacekeeping operations (PKO) activities," the U.S. side strongly demanded that it should also be applicable to independent training by U.S. Forces. The Defense Agency (DA) plans to hold consultations with the Cabinet Legislation Bureau first, and then agree to the demand on condition that such training be limited to those conducted on U.S. military bases in Japan.

The ACSA is an agreement on the mutual provision of food and fuel, and communications and medical services. To prepare for mobile operations in an emergency, the United States has already signed a similar agreement with some of its European and Asian allies. As part of the plan to provide a positive endorsement to the "redefinition" of the Japan-U.S. Security Treaty to deal with the Asia-Pacific situation in the post-Cold War era and to further strengthen the Japan-U.S. security arrangement, the two countries have engaged in drafting this agreement. Consultations on the details have been conducted between the two countries since last January.

Originally, Japan and the United States wanted to give priority to signing the agreement at an early date. Therefore, the Japanese side decided to limit the range of application to joint training and PKO cooperation while excluding "flexible application in emergencies," which may arouse controversy over the right of collective defense; the U.S. side has informally agreed to this proposal.

However, a strong view prevailing on the U.S. side has recently indicated that the agreement to be signed with Japan should be similar to those signed with other countries. It has been observed that the U.S. side has come to realize that there are few advantages in going to the trouble of signing this new agreement. It is because the supply of various goods have actually been exchanged in the past; and as for PKO cooperation, it is mainly the United States that has been providing the various conveniences.

However, there is no denying that if Japan should unconditionally support independent training by the U.S. Forces, there is a possibility that U.S. military vehicles loaded with fuel or parts supplied by the Japanese side could directly join in intimidative acts or battle actions. In this case, a controversy would certainly arise over issues on the exercise of the right of collective self-defense and intimidation through the use of force, which are prohibited by the Japanese Constitution. In this connection, it is most likely that supplies in support of training will be limited to only those conducted on U.S. military bases in Japan.

As far as the DA is concerned, the Agency intends to comply with both the U.S. demand and the Japanese regulations by applying the ACSA to training conducted only on U.S. military bases in Japan. Final consultations are scheduled for early next week, when a U.S. Defense Department official will visit Japan.

Japan: Daily Cites 'Top Secret' TMD Accord With U.S.

OW1103030296 Naha RYUKYU SHIMPO
in Japanese 10 Mar 96 Morning Edition p 3

[FBIS Translated Text] On 9 March, it was learned that the Japanese and U.S. Governments have agreed that the United States will provide comprehensive strategic military information, particularly information on PRC and Russian nuclear missiles, obtained by the United States to Japan.

In late February, the two governments exchanged agreements stipulating that the United States will provide technical information pertaining to the theater missile defense (TMD) system to Japan for free. At the same time, they also signed a "memorandum of understanding" governing the operational details. According to a number of Ministry of Foreign Affairs (MOFA) sources, the latter document contains a top secret provision on "supplying strategic information gathered by U.S. reconnaissance satellites and intelligence organizations."

On the part of the United States, this is partly meant to pressure Japan into making a decision to introduce the TMD system in light of the PRC and DPRK missile threats. For Japan, this will be its first opportunity to obtain systematic nuclear and strategic information, and will probably influence Japanese security policy.

Information coming from the United States will consist mainly of overall information on the PRC and Russian nuclear capabilities, including those on surface-launched nuclear missiles and nuclear missiles carried on nuclear-powered submarines; information on conventional warhead missiles; and information on DPRK missiles.

Japan will have access to all this information for free, and analysis will be undertaken by the new "Information Headquarters," which will be created under the Defense Agency's (DA) Joint Staff Council in FY96 with the support of MOFA's International Information Bureau and the DA's Bureau of Defense Policy. Findings will ultimately be reported to the prime minister, which will be used as important data in the security policymaking process.

MOFA and the DA welcome this new arrangement because it "will enable an accurate assessment of post-Cold War security threats." However, there are also some officials in these two offices who are critical about the scheme, and who think that "This should not be accepted without serious thought." They claim that: 1) This may lead to the TMD's introduction, whose military effectiveness remains uncertain; and 2) Even with the availability of strategic nuclear information,

the Self-Defense Forces will not be able to make use of it, since it does not have any means of retaliation.

The TMD is a system for directly hitting attacking missiles with interceptor missiles. In 1993, President Bill Clinton called on Japan to participate in the program. However, there have been reservations about its high cost, estimated at over 2 trillion yen, and effectiveness. Defense Secretary William Perry indicated in February a plan to downsize the program.

Japan: 'Sources' Comment on TMD Agreement With U.S.

OW1103034796 Naha RYUKYU SHIMPO
in Japanese 10 Mar 96 Morning Edition p 3

[FBIS Translated Text] The fact that Japan, which is supposed to be uninvolved with nuclear arms, ballistic missiles, and other strategic weapons, will now be officially supplied with strategic information — particularly on nuclear missiles — from the United States and based on a governmental agreement "would have been inconceivable until recently" (according to a Ministry of Foreign Affairs (MOFA) source).

The reason behind the sudden realization of this scheme is the fact that the threat of strategic weapons, from the PRC for instance, still exists in Asia even after the Cold War. However, there is also strong criticism that Japan "is too naive with regard to the U.S. Government's motive, which was asked by the military industry to make Japan pay for the theater missile defense (TMD) program" (according to a diplomatic source).

For Japan, which does not even have an effective way to verify whether or not the United States is really providing all the information available, it remains uncertain whether or not the strategic nuclear information will be beneficial. On the contrary, there is a very strong possibility that this may cause Japan's neighboring countries "to suspect unnecessarily that Japan is interested in nuclear arms and strategic weaponry" (according to a MOFA source).

It is also curious that this coincides with the creation of the new Information Headquarters (under the Defense Agency), which is the Japanese version of the U.S. National Security Agency (NSA). To this, a government source argues that: 1) With this, Japan will no longer have to possess reconnaissance satellites, and thus, this will contribute to disarmament; and 2) This will improve Japan's information gathering capability, which is the weakest point in Japanese defense, without any extra cost.

Although the pros and cons of access to strategic information cannot be determined until a certain period

of time, it seems certain that this "will have a previously unknown impact on the basic direction of Japanese security policy in the mid- and long-term" (according to a MOFA source).

Even though the full texts of documents like the "Memorandum of Understanding," which contain secret agreements, are usually not made public because of their highly classified nature, it seems that there is a need to disclose the information and explain to the people in the present case.

Japan: Rimpac To Pit U.S.-Japan Against Multinational Forces

*OW1003071396 Tokyo KYODO in English
0700 GMT 10 Mar 96*

[FBIS Transcribed Text] Tokyo, March 10 KYODO —
- The Rim of the Pacific (Rimpac) naval military drills that will start in May will pit U.S.-Japan allied invading forces against multinational forces formed by a U.N. resolution in a mammoth war game around Hawaii, Defense Sources said Sunday [10 March]

The war game's scenario in no way reflects current reality and is purely hypothetical, the sources said.

The naval forces of Canada, Australia, South Korea and Chile as well as the U.S. Navy and Japan's Maritime Self-Defense Force (MSDF) will participate in the drills.

In the war game, a U.S. fleet led by the aircraft carrier Independence and an MSDF fleet will form one group to stage a simulated battle against the other participants' group which will include the U.S. aircraft carrier Kitty Hawk.

It will be a massive operation of some 40 warships, 200 aircraft and 20,000 personnel.

In the war game, two Hawaiian islands, Hawaii and Kauai, will be considered two countries.

The U.S.-Japan allied forces will attack one of the two, but the multinational forces will come to rescue the country and ultimately win by seizing both islands.

The chain of command will be independent for the Japanese and U.S. fleets, but the MSDF will give orders to the U.S. forces in some of the battles, the sources said.

This will be the ninth time for the MSDF to participate in the Rimpac drills, which are conducted about once every two years.

Japan: Ota Argues for Removal of Bases From Okinawa

*OW1103075296 Tokyo KYODO in English
0731 GMT 11 Mar 96*

[FBIS Transcribed Text] Naha, Japan, March 11 KYODO — Okinawa Gov. Masahide Ota said in a court Monday [11 March] that his refusal to sign documents which would force local landowners to renew their land rental contracts with the U.S. military is based on the "will of the people."

Ota has locked horns in a legal battle with the central government over the forced leasing of the land to the U.S. military for its bases and facilities in the island prefecture.

At Monday's court hearing, the fourth at the Naha branch of the Fukuoka High Court, Ota said his decision to ignore the orders of then Prime Minister Tomiichi Murayama to force the landowners to sign the leasing documents "follows the will of the people."

"Seventy-five percent of the (land used for) U.S. military bases in Japan is concentrated in Okinawa and if we consider it natural to support the Japan-U.S. security treaty, the burden (of the bases) should be shared equally by all of the Japanese people," Ota said.

U.S. military bases in Okinawa take up about 20 percent of the land space in Japan's smallest prefecture, which makes up only 0.6 percent of the total area of the Japanese archipelago.

Ota also told the court, presided over by Judge Ichiro Otsuka, he had promised in his first election campaign "the withdrawal of the bases and the resolution of postwar issues."

In his second bid for governor, Ota said, he campaigned on the issues of the consolidation and reduction of the bases and for progress in local autonomy.

The governor also explained his pacifism springs from his days as a student during World War II when he was mobilized himself for the Japanese war effort.

"We were taught during the war that it was natural to give up one's life for one's country. But I saw soldiers killing each other and soldiers stealing food from the people and have long thought about that," said Ota.

"I began to think about the importance of peace for Okinawa," the governor told the courtroom, adding "from the old days, Okinawans have been a peace-loving people and I have devoted myself to making a pacifist administration."

The court battle began in December, when Murayama sought a court order forcing the governor to sign the necessary documents for the land use.

Ota's refusal came amid growing calls for a withdrawal of U.S. troops from the island prefecture in the wake of the rape of a local primary schoolgirl, for which three U.S. servicemen were convicted last week.

The central government argues it has the right to have the landowners sign the lease contracts on behalf of Ota, but the prefecture insists that only the governor can sign the documents necessary for the forced leases, since government procedures aim to protect the interests of local landowners.

Ota was originally scheduled to talk to the court in February but the date was postponed to Monday because of the prefecture's demand for changing the date of the questioning.

The central government has stressed the "public interest" in maintaining the bases under the Japan-U.S. security arrangement.

Japan: Verdict on Lawsuit Against Ota Expected 25 Mar

OW1103113196 Tokyo KYODO in English
1115 GMT 11 Mar 96

[FBIS Transcribed Text] Naha, Japan, March 11 KYODO — A court Monday [11 March] concluded a trial on a lawsuit filed by the state against the governor of Okinawa Prefecture for his refusal to sign land-lease renewal documents for U.S. bases in the island prefecture.

Presiding Judge Ichiro Otsuka at the Naha branch of the Pukuoka High Court declared the conclusion of the trial after the fourth hearing.

The judge said the court will hand down a decision at 10 A.M. [0100 GMT] on March 25.

Gov. Masahide Ota was summoned to the fourth hearing after being charged by former Prime Minister Tomiichi Murayama of ignoring his orders to sign documents that would force unwilling local landowners to renew rental contracts with the U.S. military.

Ota told the court, "the United States is trying to use the Japan-U.S. security arrangement as part of its world strategy in the post-Cold War era, and I am anxious about the possible cementation of the U.S. bases in Okinawa."

"I refused to sign documents on behalf of the landowners in order to solve this base problem," he said. He also said his decision "follows the will of the people."

The central government argues that having Okinawa provide land for the U.S. military is within the public interest because of the implications of the Japan-U.S. security arrangement.

Ota said, "if the bilateral security treaty is for protecting the lives and property of the Japanese people, why should people in Okinawa, who are Japanese citizens, suffer human rights violations and damage to their property in their everyday life? This is contradictory."

"Japan and the U.S. should change the character of the current security arrangements into peaceful ones. The step that I took does agree with the interest of Japan," Ota said.

The governor also explained his pacifism springs from his days as a student during World War II when he joined the Japanese war effort.

Seventy-five percent of the land used by the U.S. military in Japan is concentrated in Okinawa, which makes up only 0.6 percent of the total area of Japan.

The legal battle began in December when Murayama sought a court order forcing the governor to sign the necessary documents for the lease of a total of 35,000 square meters of land owned by 35 Okinawa residents.

The contracts on land in Yomitan will expire at the end of this month.

Judicial sources said even if the central government wins the suit, the state will not be able to finish necessary steps for renewing the Yomitan leases before expiration, meaning that "illegal occupation" of the land will be unavoidable.

Ota's refusal came amid growing calls for a withdrawal of U.S. troops from the island prefecture in the wake of the rape of a local primary schoolgirl. Three U.S. servicemen were convicted of the crime last week.

Japan: Okinawa Hosts International Symposium Against U.S. Bases

OW0803233196 Tokyo KYODO in English
1439 GMT 8 Mar 96

[FBIS Transcribed Text] Naha, Japan, March 8 KYODO — An international symposium was held Friday [8 March] in Okinawa by persons and groups opposed to U.S. bases on the southwestern Japanese island.

Participants included lawyers from the United States and the Philippines involved in peace and antinuclear weapon movements as well as local landowners against the forced leasing of their land to the U.S. military.

Joseph Gerson, a U.S. political scientist attending the gathering, presented signatures by some 450 U.S. citizens willing to join a fight by Okinawan people for removing the U.S. bases.

The huge U.S. military presence in Okinawa has been under fire from local residents since the rape of a 12-year-old Okinawa schoolgirl last September by three U.S. servicemen, who received prison terms for the crime Thursday.

Okinawa makes up only 0.6 percent of Japan's total land area but hosts about 75 percent of U.S. military facilities in Japan in terms of land space. Some 30,000 of the 47,000 U.S. troops in Japan are stationed in Okinawa.

Japan: SACO Reaches Accord on Okinawa Noise Pollution Prevention

OW1103043696 NIHON KEIZAI SHIMBUN in Japanese 8 Mar 96 Morning Edition p 2

[FBIS Translated Text] On 7 March, the Japanese and U.S. Governments held the fourth working-level session of the Special Action Committee [SACO] on settling the issues related to U.S. military bases on Okinawa, and reached an accord that details to be included in the agreement on prevention of noise pollution at the Kadena and Futenma air bases will be nearly similar to those details included in the same agreement on U.S. military bases at Yokota and Atsugi.

Japan: Coalition Team Working on Okinawa Base Return Plan

OW1103043996 NIHON KEIZAI SHIMBUN 8 March Morning Edition in Japanese 8 Mar 96 Morning Edition p 2

[FBIS Translated Text] The ruling-party project team on Okinawa base issues (led by Taro Nakayama, chairman of the Research Council on Foreign Affairs of the Liberal Democratic Party [LDP]) held its session on 7 March, and confirmed that a report on the ruling parties' views about the issue on the return of bases will be worked out and submitted by around 15 March to the Council on the Okinawa Military Bases Issues set up between the national and Okinawa Prefectural Governments. Okinawa Governor Masahide Ota is expected to attend this Council meeting.

The focal point at issue among the three ruling parties is the issue concerning Futenma Air Base. While the Social Democratic Party (SDP) and Sakigake [the Harbinger Party] demand that this air base be returned, the LDP has indicated difficulty in making this demand, maintaining that "the Japanese and U.S. Governments are in a serious situation in negotiations." Moreover, there remains a gap in views between the SDP and

Sakigake [Harbinger] on the one hand and the LDP on the other on the question as to how the U.S. military strength stationed in Japan should be handled in the joint Japan-U.S. statement expected to be issued during U.S. President Bill Clinton's visit to Japan in April.

Japan: Yamaguchi Assembly Opposed to MCAS Futenma Transfer

OW1103002496 Naha OKINAWA TIMES in Japanese 7 Mar 96 Morning Edition p 2

[FBIS Translated Text] It is reported that the transfer of the Futenma Air Base to the U.S. Marine Corps Iwakuni Air Base (located in Iwakuni city, Yamaguchi Prefecture) is now under study. With regard to this report, the Yamaguchi Prefectural Assembly unanimously approved of "a resolution on opposing strengthening the Iwakuni base functions" on 6 March.

The resolution reads: "The transfer of the Futenma Air Base to Iwakuni has been reported. However, we will not tolerate the transfer." And it adds: "Strengthening of base functions can not be accepted as a possibility. We will call on the government and the Diet to take proper measures by taking our request into consideration."

The prefecture government submitted the document in line of the resolution to the Defense Facilities Administration Agency on 1 March. In this way, it has consistently indicated its negative stance on accepting the transfer of the Futenma Air Base.

Japan: Editorial on Government's Stand on Bases

OW1103015196 Naha OKINAWA TIMES in Japanese 7 Mar 96 Morning Edition p 5

[Editorial: The Government's Handling of the Base Issue is Questionable]

[FBIS Translated Text] The Government's Attitude Is Totally Disgusting

With an aim of implementing the plan of realigning and retrenching U.S. military bases on Okinawa, as well as settling various base-related problems, the Okinawa Base Issue Committee [OBIC] has been established. Participating in the committee led by the chief cabinet secretary are the foreign minister, the defense agency director general, and the Okinawa governor. Its first meeting was held on 25 November last year.

Although over three months have passed since then, the committee is yet to present a concrete proposal after holding executive meetings for four times. We feel nothing but disgusted with the government's attitude.

While preparing for "emergency use" of some land lots for bases sake, the government has said that it seeks to

"reach a conclusion" on the realignment, consolidation, and reduction program "as soon as possible." We cannot help feeling that it trifles Okinawans.

At the fourth OBIC executive meeting, only briefing was given about the developments of the negotiations with the U.S. Government regarding the improvement of the Japan-U.S. Status of Forces Agreement implementation, including a way to settle noise pollution. As for realignment, unification, and reduction of bases, Okinawans' most earnest wish, the committee did not come up with concrete names of facilities, saying "The U.S. side has not presented us with an official proposal yet."

Between the third OBIC executive meeting on 30 January and the fourth meeting, working-level talks of the Special Action Committee on Okinawa (SACO) were held for two times. On 24 February, the first summit was held between Prime Minister Ryutaro Hashimoto and President Bill Clinton. Hashimoto, who had pointed out the need of realignment and reduction of Futenma Air Field at the last summit, said afterwards: "I obtained a good sign for future developments." With his remark, we expected that a list of facilities subject to return would be presented at the last executive panel. However, on the contrary, no progress was made at the panel because it suggested no facility, saying that the U.S. side has not yet offered its plan.

The Okinawa Prefectural Government gave additional explanations about its action program, and strongly demanded that as early as the third development program is completed in 2001, all facilities belonging to the category A be brought up for discussion with the U.S. Government on the return of facilities. The following facilities belong to category A: Futenma Air Field, the center of the "International Cooperation and Exchange Program" to be implemented mainly by Ginowan City; Naha Naval Port, the center of the "International Transportation and Distribution Network Program"; Yomitan Auxiliary Air Field, the center of the "International Subtropical Agriculture Development Program"; and Okuma Beach, the center of the "International Resort Area." The Ginowan City Government has submitted to the city assembly a revised ordinance that proposes forming a base policy section, which will be under the mayor's direct control, to comprehensively deal with liaison affairs and the program involving use of military facilities after their return. If the bill is approved, the base policy section will be established on 1 April.

The prefectural government has steadily taken preparatory actions on the premise that bases will be realigned and reduced. Okinawans' wishes and efforts should not be wasted.

The OBIC was designed to be a high-level organ where fruitful consultations on obstacles to Okinawan people's livelihood will be held. However, if the government is too weak-kneed to come up with a concrete plan without a U.S. suggestion, the OBIC would be criticized as being set up in vain.

The Selfish U.S. Reason

Japan and the United States have confirmed giving the highest priority to the Okinawa base issue at the forthcoming summit (scheduled for 17 April). Although it has been decided to promote discussion on the base issue in preparation for the summit, no concrete step has been presented yet. In view of such circumstances, we cannot help doubting that the government has sought to kill time until the summit, and to reach an accord at a stretch without giving the Okinawa Prefectural Government a chance to refute.

The ruling parties' project team on the issue involving U.S. military bases on Okinawa (led by Taro Nakayama) met several times with the top U.S. Government officials, including Defense Secretary William Perry. Okinawa Governor Ota has strongly demanded "not to clearly write deployment of 47,000 U.S. forces troops in Japan" in a statement to be released at the summit. According to the project team's report, the U.S. side has had no intention to make changes in the number and deployment structure of troops.

As reasons for its stand, the United States has listed the following: The strained China-Taiwan relationship; unstable situation in the DPRK (North Korea); and protection of U.S. interests in the Asia-Pacific region. These are totally selfish reasons.

Chinese Premier Li Peng touched on the Taiwan issue at a National People's Congress session, and strongly said that "China will not waive the use of forces." In addition, he warned that "China will conduct armed attack not against Taiwanese compatriots but against foreign countries intervening in the unification issue." He then said that the relationship with the United States has been deteriorated by "unwise U.S. approach toward China." The place that will be exposed to threat by the U.S. intervention is Okinawa where U.S. military bases exist.

Bases Destroy Ties of Friendship

Although there is no diplomatic relationship between Japan and Taiwan, there have been active exchanges between them in terms of economy, personnel, and culture. In particular, the number of Taiwanese tourists visiting Okinawa that is near to both Taiwan and South China has been increasing. In line with ties between

them, Okinawa and Taiwan have concluded a tourism cooperation treaty. In addition, the Okinawa-Taiwan Industrial Exchange forum was held in Taipei City.

As for China, Naha City has concluded friendship accord with Fuzhou City; Urasoe City, Quanzhou City; and Qinowan City, Xiamen City. The prefectural government also held the "Okinawa Prefecture-Fujian Province Summit" (at the Convention Center) in Okinawa and (in Fuzhou City, Fujian Province,) China with an aim of building the new relationship in preparation for the 21st Century, as well as strengthening friendly ties with China and mutual understanding.

We have built the close ties of friendship with both Taiwan and China based on our own footing and historic exchanges.

The destroyer of the friendly ties is nothing else but the U.S. military bases that will continue to be maintained under the name of the Japan-U.S. security arrangements.

Japan: Proposal for New International Strategy
OW0803133396 Tokyo CHUO KORON in Japanese
Mar 96 pp 20-38

[Article by Mitsui & Co., Ltd. USA Washington Office Director Jitsuro Terashima: "Seeking an Integrated Strategy for Being Both 'Pro-American and Part of Asia'"]

[FBIS Translated Text] First, What We Should Know

Making choices, of course, becomes more and more difficult as Japan enters a mature phase. Past experience with success prevents a bold change of direction, and problems which were dealt with during a period of rapid growth begin to sprout out again as problems requiring enormous adjustment costs. As expectations concerning our role on the part of other countries increase, expression of opinions and actions are going to be called for. Therefore, as the country matures, "wisdom" will be needed, just as the owl of Minerva begins to fly at twilight. What accumulations have we made and how well are we prepared as for a strategy to deal with enhanced maturity? When we look squarely at the era with an awareness of such issues, we feel only that the next several years approaching the end of the century will be a very critical period for Japan.

As I brood over the course for Japan, I will begin my discourse with facts that we must face squarely, although it is not what I want to be reminded of. If I offer a lengthy narration, it will be in bad taste, so I will simply state my awareness of the issue. It is not an old story. It is three "foreign policy" subjects about which the Japanese became uncommonly exited during the last five years. One is the Northern Territories issue;

the second is the North Korean issue; and the third is the issue of a permanent seat in the UN Security Council. For a time there were heated discussions on each of these issues. But looking back a short while later, they were much ado about nothing: we ask now "what in the world was that all about?"

First, the Northern territories issue. In April 1991, as President Gorbachev made a visit to Japan, expectations on the Japanese side heightened that it was a "good opportunity for the return of the Northern territories." And Prime Minister Kaifu repeatedly pressed for return during meetings which were said to have lasted for a total of five hours. Also, prior to the G-7 Summit meeting held in July 1992, day after day the Japanese press went after Prime Minister Miyazawa in their reporting about whether or not the Northern territories issue would be included in the summit's joint declaration. Prime Minister Miyazawa also determinedly stuck to the position of "having the Northern territories issue mentioned in the joint declaration" and finally succeeded in having it included in the joint declaration.

But what have been the developments since then? In the end, quietly we have merely been reminded of what is "international common knowledge." That is that, as long as Japan exists under the protection of the framework of a military alliance with the United States, the U.S.-Japan Security Treaty, unless we present a responsible policy toward the future security of East Asia, which includes the United States, we cannot expect even the formation of domestic consensus in Russia. Bilateral efforts to recover the Northern territories will be insufficient.

Second, about the North Korea issue. In the spring of 1994, the Japanese mass media excitedly reported about suspected nuclear [weapons] and missile development by North Korea and instigated the fear that "North Korean missiles could fly into Japan at any minute." But as U.S.-North Korean negotiation began, before we knew it, the issue took a turn in which Japan also should shoulder a burden of \$1 billion (equivalent of 100 billion yen) for the North Korean conversion to light water reactors. In spite of leaving many Japanese with ill feelings and the impression that this was not comprehensible, with a sense that "it can not be helped," Japan was obliged to make the commitment. This incident revealed, unhappily, that we were discussing international politics without our own network of information and policy options on a neighboring country, at the same time we were being tossed about by U.S.-leaked information on North Korea.

And about the issue of the permanent seat in the UN Security Council. Starting with the Hosokawa Government, with uncommon vigor, Japan has been

displaying its intention to seek a permanent seat in the UN Security Council. Japan's true feeling is that "Japan should be treated appropriately as a country which shoulders the second largest monetary share in supporting the United Nations." There is probably also a desire that "in order to strengthen our foreign policy through the United Nations, we want to occupy one of the central positions in the Security Council, the United Nations' core organization." In spite of Japan's display of its intention, however, subsequent developments revealed how Japan was evaluated in international society. Our neighbor South Korea displayed its crooked intention by saying that "we can go along with a Security Council seat [for Japan] without power," and India began saying that "when it comes to a representative for Asia, it is India which is most worthy to become a permanent Council member." And, led by Italy, about 20 countries — half of the member countries on the working group for Security Council reform — expressed their view that they were against the expansion of the permanent Security Council member countries. What is surprising is the fact that there is no one, among ASEAN leaders, who is actively for Japan's gaining a Security Council seat.

In other words, if we want to increase our involvement in the United Nations simply by acquiring an additional seat, and without indicating our comprehensive blue print for UN reform and without proposing policies different than those of the five nuclear arms countries which are current Security Council members, I can not help but feel that we are not recognizing the situation objectively.

It is clear how difficult it is to discuss Japan's course as we look at the world, when we squarely take into account these several realities. Still, we must earnestly participate in the effort. As a preliminary thesis, I want now to start with a discussion of where we stand.

Situation We Face — Where Do We Stand?

As for the situation Japan is facing, there are two factors we must recognize. One is the rapid maturation of our domestic economy and social system. The other is the transition of our foreign policy foundation to the multilateral "game." Without doubt, we are entering a current we never before experienced.

1. Rapidly Advancing Maturing Process

Although we experienced the ups and downs resulting from the war, viewed in terms of a 100 years, Japan has succeeded in industrialization, realized economic affluence, and tripled its population to 123.6 million from 41.56 million in 1895. Also, the average Japanese life expectancy has increased to an unbelievable extent.

It was 42.8 years for men and 44.3 for women according to the first life expectancy chart (1891-1898) and 75.9 for men and 81.8 for women in 1990. The ratio of those 65 years and older in the general population was 5.5 percent in 1898. It has become 14.5 percent in 1995. This figure is projected to become 21 percent in 2010, and 25 percent in 2025, and by 2010 when the post-war baby boomers reach the age 65, one out of four will be reaching the status of senior citizen.

As for the composition of workers classified by industry, 54 percent worked in primary industries in 1920 (21 percent in secondary industries). But we have entered an era with 7 percent in primary industries, 33 percent in secondary industries, and 60 percent in the tertiary industries in 1990. This proves the fact that the working life of Japanese has completely changed: today the number of "people who make things" has decreased, and the "white collar" workers who are engaged in clerical, technical, management, sales, service and such jobs constitute 70 percent of the employment force.

About 10 years ago, the "theory of the new middle class" was a popular topic: the white collar group is the prop of the Japanese consciousness of the middle class; the expansion of this class which embodies "affluence" will offset working class consciousness; and this will be the key to suppress class revolution. The transition took place as predicted, and Japan has become a country which contains an enormous new middle class which is conscious neither of class nor of poverty. But have the new middle class Japanese become happy? Unfortunately, all I can say is that they are brooding over an extraordinary sense of being confined.

That is also manifest in the Aum incident. The true nature of this incident was the pillage by a fraudulent religious figure, an inferiority complex incarnate, who grew up in a poor and terrible environment which would be uncommon in present day Japan, who preyed on the new middle class. When I look at the believers who were pulled into this religion, almost all were children of the new middle class. I have studied the statements of the young believers who say that the mental state which led them to join Aum is "because it is so transparent what the future will be, if I live the way I have been living." Therefore, I realize that the new middle class which post war Japan created was nothing but a people so weak that it could not give dreams and hope to its own children. Japan's new middle class had no idea as to what should be built following the achievement of prosperity and had been living in a state in which people feel satiated yet bottled up. Then the bottom fell out.

It is not only the social composition, indicated by the makeup of the population, which is coming to matu-

ity. The most notable change which is going on in the Japanese economy is the expansion of the manufacturing sector to overseas production locations. In 1992, the Japanese manufacturing sector's overseas production ratio was said to be about 7 percent. As the yen became higher at an accelerated speed since 1993, this ratio, we assume, has reached the 9 percent level by 1995. However, as for 194 Japanese leading producers overseas, which had already developed overseas manufacturing locations, the ratio of their overseas production was 24.5 percent in October 1994 (according to a study by TOYO KEIZAI). So, for the head-of-the-pack enterprises, the era of 30 percent overseas production is already a reality.

The U.S. manufacturing sector's overseas production ratio currently is assumed to be about 30 percent. So when it comes to the era of a 30 percent overseas production rate, as far as we can see from the U.S. example, as if to deny the so-called "hollowing" argument, high value-added production industries such as information electronics, communications, services and so on have come to thrive. The creation of new employment and the revitalization of industries is going on. Therefore, there is also a view which dismisses concern about the hollowing of Japanese industry. But, unlike the United States, there are two points on which we can not be optimistic about the hollowing in Japan. One is that, in the case of the United States, the whole system of the society is open and new participation from overseas is easy. While many enterprises go overseas, many enterprises also come in. A good example is the opening by Japanese auto makers of U.S. plants whose annual production exceeds 2 million units. But in the case of Japan, where the barriers to the entry are high and the regulations are numerous, there are enterprises which go out, but there is not a corresponding number of foreign enterprises which come in. Another point is that in the United States, there is the existence of a structure which nurtures new growth industries and promising industrial fields such as, for instance, the Nasdaq (NY over the counter market) and venture capital. But in Japan such a structure is not adequately in place. Since the bubble burst, hardly any spirit to nurture ventures is evident in the Japanese financial sector.

Moreover, in the case of Japan, it is the manufacturing elements which propped up Japanese economic vitality and led to the realization of the currency exchange rate of one dollar to 100 yen, and especially the competitive industries among them such as autos and electronics, which are leading the movement overseas. That is because they know through their own experience how severe the international competition is. As the leading enterprises strengthen their global management strategy,

the fiscal deficit will become more serious, along with the problem of decreased employment opportunities within the country. As water runs from a high place to a low one, as the moves toward global activity which are advantageous in terms of taxes increase, Japanese fiscal income will decrease reciprocally, along with corporate and personal income tax payments. So, even if we try to cope with the situation by increasing dependence on direct taxes and successively increasing the consumption tax to 10 percent, the economy, which will have in it high tax hurdles, will in the end lose vitality and accelerate its own demise. Already the ratio of the Japanese national debt to GDP [gross domestic product] is 4.3 percent. This is already in the realm of a "lax financial policy," since this is twice as much as the widely talked about U.S. national debt ratio to GDP, which is 2.2 percent.

Just as old age comes to every human being, it may be inevitable that decline comes to a country following prosperity. But to energize the system anew, every country tries to ignite a revitalization "booster" through such efforts as raising a new generation through "education," nurturing growth industries and so on. The realities in Japan give me the impression that, because of rapidly arriving "maturity" in every sense, its body and brain have become stultified, and the energy necessary to support the coming generation is being neither created nor accumulated.

2. Tendency For Multilateral Foreign Policy

Last summer, I visited Geneva. I was interested in the UN European Headquarters, especially the newly created headquarters of the WTO (World Trade Organization). I stayed in the Metropol, a hotel by Lake Le Mon, and contemplated the future course of a multilateral foreign policy toward which Japan would be heading. This is the hotel where then-Foreign Minister Yosuke Matsuoka stayed in 1933 when he declared "farewell to the League of Nations" and Japan started to going astray in isolated agitation.

The truth is that Japan once had a passion for the multilateral diplomacy during the 1920s. The first time Japan came to an international conference, side by side with the United States and European powers, was the post First World War Versailles Peace Conference (1918). The Japanese concern at this conference was to take over Germany's interest in China's Shandong Province. Japan was perplexed by the plan to establish a League of Nations which was proposed by President W. Wilson. But, in exchange for getting what it wanted, Japan reluctantly joined the League of Nations and sent Inazo Nitobe to Geneva as its Deputy Secretary General. He remained in the post for six years. Nitobe

was an internationally minded person, uncommon for a Japanese at that time.

Also at the 1921 Washington Conference, Japan dissolved the Anglo-Japanese Alliance which had been the prop and stay of Japanese foreign policy for the preceding 20 years, and embarked upon multilateral diplomacy in the form of the Nine Nation Treaty and the Four Nation Treaty. It would be more accurate to say that, rather than Japan making the choice for multilateral diplomacy of its own accord, it was brought into balancing the China policy among countries, at the desire of the United States who's power was on the rise. At any rate, however, Japan in 1920's to early 1930's, struggled in the multilateral diplomacy which was called "Versailles/Washington Order."

The consciousness that Japan was one of the world powers and was participating in multilateral diplomatic activities greatly stimulated Japanese pride. There was a period (1924-27) when a policy centered on "international cooperation," — called the Shidehara Foreign Policy — was developed. But with a consciousness of becoming a "first-rate country," a colonial policy imitating that of the United States and the European powers had been gradually justified. The posture of seeking "to be equal to the United States and Europe" promoted confrontation with the Americans and Europeans, and the country was driven into isolation.... The critical point was its secession from the League of Nations.

The reason I am dwelling on the breakdown of the multilateral foreign policy of the 1930s is that its basic composition is similar to the situation which Japan is facing today. Japanese foreign policy in the 50 years since the end of the war was fundamentally developed with the bilateral alliance with the United States as its axle. Regardless of our desires, we are being pressured to revise that foreign policy which has that U.S.-Japan bilateral alliance as its axle.

Needless to say, the primary background factor which is pressing the reexamination of the U.S.-Japanese alliance is the end of the cold war. But when I look into it more deeply, the emergence of China is an important element. As the United States views Asia, in the double sense of the attractiveness of the economic power of China's market in the 21st century and the threat of an increasingly strong China in Asia, its interest in China is increasing. There are also some delicate issues such as Taiwan, and the U.S.-Chinese relationship also contains tensions. But if it wants to control the Asia-Pacific situation, there is no question that the United States must consider the three way balance among the United States, Japan and China. In other words, however much Japan expects the United States to maintain a foreign policy of

alliance with Japan, we could be tossed about and caught in the heat and cross fire between the United States and China, superpowers, which have their own self-interests. This includes their cooperation and confrontation. I can envision a situation where Japan could not expect stability. Hisahiko Okabe, with proven experience as a diplomat, may be right when he repeatedly stresses that "Japan will go astray if it loses the axle called the U.S.-Japan alliance." But we must recognize the grim reality that, even if Japan wants it [continuation of the strong bilateral alliance], the circumstances of the era reflecting U.S. intentions and the emergence of Asia, especially of China, no longer permit it.

With the tacit understanding that the relationship with the United States could not be resolved in the bilateral diplomatic framework alone, Japan presented its decision to bring [trade disputes] into the multilateral framework, the WTO, to obtain a decision, just as they did in the automobile negotiations during the earlier framework discussions. Actually, just prior to the matter being brought for discussion on the multilateral table, it was resolved between two countries. But in the future, the trend of bringing trade problems into a multilateral framework will increase. Also the fact that Japan continues stubbornly to pursue a permanent seat in the Security Council derives, in the historical context, from the instinctive action to secure "major power status" in the arena of multilateral diplomacy, because Japan has realized the limit of a bilateral foreign policy.

But compared to the 1930's situation, I can not believe that fundamental reforms have been made to improve our infrastructure which supports multilateral diplomacy. Multilateral diplomacy is a game in which many parties take part in discussion around a circular table, and there one gathers support for one's opinion. This is accompanied by difficulties different from bilateral negotiations in which one only must persuade the opposite party across the table. Here greater objectivity of opinion and justification is required. And for that, the improvement of Japan's diplomatic infrastructure is sought in order to establish recognition of the situation and policy formulation which support one's opinion. Again, this is quite a difficult game.

Concept and Key

Japan must seek its course in the whirlpool of maturation and multilateral foreign policy. In other words, while its strength is waning, it has to battle in a more complex game. What is important here is to determine what values it believes in and to choose its course with that concept as the key. Even in a complicated situation, as long as the central values are clear, neither people nor country will be confused.

1. Reexamining Coordinates of Post-War Values

What were post-war Japan's original intentions? Confronted by the fact of "defeat in war," Japan had to start from the ruins. The country was defeated in a war which was said to have brought 20 million deaths: 1.6 million on the Japanese side, 260 thousand on the U.S. side, and the rest in China and other countries in Asia. Out of regret and reflection, the Japanese were filled with a reaction which was to resist authority which, brandishing "national purpose" (the whole), would suppress the individual. In the 1945 October issue of BUNGEI SHUNJU, the first issue after the war, Kan (Hiroshi) Kikuchi wrote that "the reason the military became extremely despotic was that the Japanese were slipshod and weak. The Japanese submit easily to authority." In other words, the resistance against national authority and totalitarianism (the release from the bonds of the national polity) formed the foundation of post-war democracy. But unlike U.S. and European democracy which had been formed through the tense confrontation of the individual versus the whole, [Japanese] democracy which was suddenly given by another country after 15 August [1945] lacked the opportunity to "create a system which reflects the people's will and increases the public welfare" which is the fundamental character of democracy. In the proliferation of individual needs and a lifestyle of self-interest, all of the central concepts of democracy have become skeletonized.

In such a current, the characteristics of conservatism and progressivism have long determined the coordinates of values for post-war Japanese. Progressivism in post-war Japan was centered on "defending the Constitution, opposition to the U.S.-Japan Security Treaty, and socialism" as the key points. On the other hand, the conservatives had "revision of the Constitution, upholding the U.S.-Japan Security Treaty, and capitalism," as their key principles. In other words, the questions were whether to protect the Japanese Constitution or to revise it and institute an independent constitution, to dissolve the U.S.-Japan Security Treaty or to uphold it, and to select socialism or to select capitalism as an economic system. The Japanese have been discussing this choice of coordinates with great seriousness.

But 50 years after the war, an ironic reality has developed as if to mock these coordinates. The Constitution today is still not revised, so on the surface it appears that the Constitution-defenders' group has prevailed. But as for Article Nine, for instance, [the country] created and recognized the Self Defense Forces through "constitutional revision by interpretation," and even achieved realization of an overseas deployment in the form of a PKO force without touching the constitution. They avoided discussion of the Constitution and weakened the

substance of the Constitution's standard-setting power. As such devilish ways of thinking have been built up, the coordinates themselves — to protect the Constitution or revise the Constitution — have become relative.

As for the Security Treaty, the [opposition to] the "1960 Security Treaty" was the last futile effort. The U.S.-Japan Security Treaty as the pivot of national defense was taken as a natural premise by most Japanese. So, finally as the Socialist Party (SDPJ) has abandoned the flag of opposition to the Security Treaty, it has become no longer a matter of choice. Also, as for capitalism versus socialism, prior to the "fall of the socialistic countries" which gave the final thrust of the knife, Japan created a unique economic system which was a bureaucracy-managed model. One could call this Japanese-style capitalism and, ironically, by achieving realization of a "revisionist capitalism" or "controlled capitalism" which could be called a one-step-removed model for the kind of "socialistic market-oriented economy" which China advocates, the argument over the choice of systems has become totally irrelevant.

In today's Japan, as indicated by the formation of coalition governments which is unbelievable for people who remember the old days of confrontation between the conservatives and progressives, the homogenization of the coordinates for every value is proceeding. What had fused the characteristics of conservatism and progressivism, I find, is "Economism" [economy-first-ism] which was the consciousness commonly held deep down by post-war Japanese.

For the Japanese who recovered from the ruins of defeat in the war, economic stability and prosperity were more important than anything else. Therefore, either for Shigeru Yoshida, who stubbornly refused the demand made by Dulles to rearm on the ground that it would create an excessive burden on the economy, or for leaders of the business sector who continuously defended the idea of a country which was lightly armed and based on economic success, economism was the key which was a force in its own right. But as economism achieved a certain measure of success and the Japanese came to widely recognize the realities of international society through the internationalization of the economy, which accompanied growth and prosperity, the characteristics of conservatism and progressivism have faded and lost significance as coordinates.

The reason that I am so stuck with the "new Economism" — I wrote an article "Declaration of New Economism - Transcending Discussion About Political Reforms" in the February 1992 issue of this publication, which I even had published later in book form — is that as an economist, I so keenly feel the

need to reconstruct the benchmarks of value which were lost through Economism's victory. To survive in the world, there is no other choice for Japan but to sustain itself as an economically successful country. But today, when the cold war which was based upon political ideology, is over and the world is entering into an "era of great competition" centered on economics, it is no doubt time for deliberation on what sort of values the Japanese should create, while making use of its established economism. Neither "democracy" nor "pacifism" should simply weather away. Rather, the test we must pass in the future is whether or not we can give those ideas life.

2. Importance of a "Pacific" Perspective

In 1885, (Meiji 18), by curious coincidence, two contrasting theses which represented a Japanese' view of Asia were published; "We Must Break Away From Asia," by Yukichi Fukuzawa, and "Advocacy of Unification of Greater East Asia" by Tokichi Tarui. Fukuzawa's "We Must Break Away From Asia" argued that "our country should not postpone and wait for our neighbors to open up their countries and then develop Asia together. Instead, we should break out of their company and act in line with the civilized countries of the West...." This has become the theoretical prop for the "break out of Asia, join Europe type" modernization which followed. Also, Tarui's "Advocacy of Unification of Greater East Asia" was an argument which insisted that Asian nations, with Japan as the leader, should unite and form a league to defend jointly against the aggression of white imperialism. The reality was however, that these two views concerning Asia have formed two contrasting aspects [of Japanese policy]. When it was convenient, the "Asia-friendly" orientation shifted to one of "encroach upon Asia," imitating the Western powers. But when the relationship with the United States and Europe became tense, it turned back to "Asiaism". It swung back and forth as a kind of biorhythm.

Such a convenient outlook on Asia by the Japanese, I would venture to say, stems from the dual characteristics of Japanese modernization which the Japanese were not able to overcome. In other words, Japan opened up the country in the tense situation that it could become a colony of the European powers at any time. And it recognized the reality that it had no choice but to live as an imitator/follower of the imperialism of the European powers. At the same time, it was conscious of its role as a forerunner of "Asian nationalism" and modernization and holding its own with the United States and the European powers. Such recognition and consciousness were intermingled, and it could not control itself. In the end it produced Asian disappointment and Western

animosity and self-destructed. Japan is still dragging this burden today.

Even today, a "slips of tongue" on war responsibility by politicians continue and empty apologies about the war are extended repeatedly. This is because the Japanese can not fully synthesize "Japanese modernization" in Asian history as historical consciousness. So the doubts and confusion continue. Also, the barren argument of selecting one or the other - the choice between "Asia or America" - is again being made. This is because of Japan's sense of distance from Asia, in other words, Japan's regional identity, continues to be in confusion.

It was 1964 when Masaaki Kosaka wrote "Maritime Nation Japan's Design." It was written in the Tokyo Olympic year, which was between the 1960 Security Treaty and the 1970 Osaka Expo. This thesis was, if I venture to say, the post war "argument for breaking away from Asia," and suggested that we should avoid leaning toward Asian regionalism, expand our field of vision, seek a model in the maritime nation of Great Britain, and live as a commercial nation with the world as a partner.

In fact post war Japan abandoned "adherence to Asiaism," increased exports of manufactured products to the world market, mainly the United States and Europe, and built the foundation of prosperity. A set back and change of course came with the "oil crisis" of 1973. In 1975, Masaaki Kosaka wrote "Trading-Nation Japan's Destiny." Finding an historical analogy in Venice and Holland, he expressed uncertainty and apprehension about the future of a "civilization which had no power base but was propped up by good luck." Kosaka stated that "trading nations do not engage in war. But they do not make noble efforts to create peace. They take advantage of the international relations formed by the stronger countries.... But it is inevitable, naturally, that the users, not the creators, are not respected or wanted by others."

But then, trading-nation Japan, whose fate the oil crisis made questionable, developed again. It was the result of a desperate effort by Japanese enterprises, symbolized by the TQC movement, which was to export higher value-added, highly competitive products to the international market and by R & D (research and development). And after that, we entered the "bubble period" of the last half of the 1980's. When we look at the overall picture, Japanese industry survival factors included the fact that the takeoff of medium developed Asian industrial nations became full-fledged and served as a frontier for Japanese industries. Further, the United States, during the Reagan era which identified itself with a "strong dollar and a strong America," opened itself as a more advantageous export market for Japanese industry.

And now we are in the 1990's. The world has become more interested in Asia as this region's economy has grown through 1980's. Additionally, the concept of the "Asia Pacific" which would link the United States and Asia has come to have substance. Although the general idea of the "Asia Pacific" has long been in existence, an "Asia Pacific" which actually shares common interests has begun to surface. It is indisputable that the reason the Clinton Government of the United States began to have greater expectations for APEC since around the 1993 Seattle Conference was the reality that "one third of U.S. exports are already directed toward East Asia." It was also based on the outlook that "the ratio of the Asian economy in the world economy was 4 percent thirty years ago, is 25 percent today, will be 33 percent in the early 21st century."

As for the Asian side which has been gaining strength and increasing self-confidence, the move for an autonomous "Asianization of Asia," which the United States can no longer control, is on the rise. This is evidenced by China's self assertiveness which sounds almost arrogant, the insistence on Asian unity exclusive of the United States as seen in Mahatir's EAEC concept, and, further, the fact that ASEAN has increased its intraregional trading ratio to 40 percent and intraregional investment ratio to 60 percent.

In such circumstances, if Japan casually returns to Asia because its key foreign policy relationship with the United States becomes shaky, claiming that "if things do not work out with America, we always have Asia," Japan will no doubt be rejected for an insincere "un-Asian deception" deriving from its expedient view of Asia. The Japanese have some pride and self-confidence based on the fact that they have made some contributions in modern Asian history. But we should strictly refrain from copying up to Asia only when it is beneficial.

In that sense, to make use of Japan's unique characteristics in the modern history of Asia, we should wake up to the true importance of the "Asia Pacific" concept. When the Japanese talk about the "Asia Pacific," the truth is that the proportion of interest in "Asia" is greater, and the "Pacific" tends to be regarded as an appendage. In other words, in order not to bring out the ghost of the former "Greater East Asia Co-prosperity Sphere," the word "Pacific" is attached. But actual interest is chiefly focused on Asia. That is the nature of the "Asia Pacific" discussion in Japan. As a matter of fact, 74 percent of the total of ¥18.5 trillion of ODA, which includes grants and aid which must be repaid, has been made to Asia. This symbolizes Japan's true intention.

I want to give three reasons why the idea of the "Asia Pacific," especially "Pacific," should be stressed in future Japanese concepts. First, by using the term "Pacific," U.S. dynamism can be connected with Asian dynamism. Asian unity which excludes the United States would hinder the development of this region. Second, as a framework which would cause China, which is becoming an Asian superpower, to participate in international society in a constructive manner, the "Pacific," which would facilitate cooperation with the United States, is important. Third, Central and South America and Oceania are not simply appendages in the "Pacific." They are becoming indispensable components in the aspect of regional security as a source of energy, food, and so on.

In January 1989 in Melbourne, Prime Minister Masayoshi Ohira proposed the "Pacific Rim Sphere Concept." This became the groundwork for APEC which was inaugurated in 1989. What Japan should seriously aspire to for now is not an "Asia Pacific" which attaches too much emphasis on Asia and also not an "Asia Pacific" which is solicitous only toward the United States. It should be the Asia Pacific region in keeping with Japan's own concept. And Japan must search for ways it can contribute in that context. Based on such efforts, the Japanese position in the world will naturally be determined.

Conception and Strategy

I want to continue to discuss the conceptions about and strategy toward the world which we should develop, at the same time contemplating the situation we face and the ideas we should uphold. After all, the Japanese strategic question in the Asia Pacific as we approach the 21st century can be summed up as what to do about the U.S.-Japan bilateral relationship which we have built up until now and, using that as an axle, how to develop our multilateral game.

The articles "Time for Japan to Display 'Virtues of the Country'" by Yoichi Funabashi and "Strategy Toward China — Best and Worst Scenarios" by Yo Tomoda, which were included in the December 1995 special edition of this publication entitled "Responsibilities of the APEC Host Country," by coincidence, pointed out the importance of China in Japanese foreign relations. They also advocated that, to have China participate constructively in the system's international society framework, U.S.-Japanese cooperation, in other words "the reconfirmation, maintenance and strengthening of the U.S.-Japan alliance," and "U.S. and Japanese policy cooperation," are necessary. I agree. But the problem is what follows. In other words, in what concrete framework should we design U.S.-Japanese cooperation and con-

struct our strategy for the multilateral game in the Asia Pacific. That is the question. The following is the tentative theory I have developed. 1. Construction of New Relationship With United States — Strategy of Being "Friendly With the United States, While Remaining Part of Asia"

As for the future of U.S.-Japanese cooperative relations, I think there are two ways of thinking: one is that the status quo is good and we want to maintain and strengthen it, and the other is that we question the current situation and consider that changes and creativeness are in order to promote U.S.-Japanese cooperation. I take the latter position, that is, even when we seek U.S.-Japanese cooperation, we should construct a new relationship of mutual trust, synthesizing the 50 years after the war.

At the Ikeda-Kennedy meeting held in June 1961, Hayato Ikeda said that "to make the U.S.-Japan relationship become like the Anglo-American relationship is Japan's basic plan for its relationship with the United States," and Kennedy expressed his agreement. It has been 35 years since then. Has any creative revision been made in the design of the U.S.-Japanese relationship? Regrettably, there has been no instance where Japan proposed and realized comprehensive and constructive ideas, in place of managing and controlling individual issues, for the conduct of the U.S.-Japanese relationship.

I put simply the point of the thesis I am going to develop. As for the economy, in order to attempt a greater unification of the United States and Japanese economic relationship and to increase the mutual dependency relationship, Japan should propose a new framework for an economic alliance, for example, in the form of a "U.S.-Japan Free Trade Agreement." At the same time, as for security, while relying on the premise of continued a co-operative U.S.-Japanese military relationship, we should revise it step by step to a "security treaty without U.S. forces bases in Japan," and construct the frame work for "Asian regional security" with U.S.-Japanese cooperation as its axis. As for the discussion concerning the U.S.-Japanese relationship, there are "opinions favoring cooperation" and "opinions favoring more distance." But we should devise a way to increase cooperation in the economic relationship and an appropriate distance in the security relationship and then develop a comprehensive strategy using those relationships as the two wheels of our vehicle.

U.S.-Japan Free Trade Agreement

The nightmare for U.S. foreign policy toward Asia is that Asia becomes united and excludes the United States. The excessively sensitive American reaction against ideas such as the Malaysian EABC concept is

the manifestation of U.S. uneasiness. Therefore, it is important that: Japan eliminates U.S. suspicion, increases close relations with the United States, makes clear its position to bring the United States into the framework of Asia Pacific cooperation, and then squarely advances its solidarity with Asia. These objectives should be accomplished, not through a verbal declaration of our position, but by a proposal of a concrete design for a way to deepen the U.S.-Japan economic relationship. In that context, as a test theory, I am proposing a "U.S.-Japan Free Trade Agreement."

In 1985, The United States initiated a Free Trade Agreement with Israel, in 1989 realized a Free Trade Agreement with Canada, and in 1994, concluded the NAFTA (North America Free Trade Agreement), which included Mexico. It has subsequently been verified that these free trade agreements have, in sum, been a successful experience which increased U.S. imports and exports. The OAS (Organization of American States) summit meeting held in December 1994, which brought 34 countries from North, Central, and South America, confirmed a plan to make the entire Americans a free trade zone in the future. In June 1995, The United States also started negotiations for a free trade agreement with Chile. Also, with the EU (European Union) it began discussing conclusion of a free trade agreement. Even if it takes time, there is the possibility of one large free trade zone which extends over the American nations and Europe. The United States is developing a strategy, which is described as a "competitive liberalization strategy," but it is intended to create a free trade zone advantageous to the United States by letting the American states, Europe, and Asia compete. As for Asia, the intention to turn APEC into the framework of an institution for that purpose has been put forward since 1993 Seattle Conference.

However, at the APEC Osaka Conference held last year, the U.S. intention to promote "liberalization without exception" was denied in the form of "autonomous liberalization," what one might call an equivocating Asian [solution]. In reality, the United States is now disappointed.

Under such circumstances, as the front-running model for free trade in the Asia Pacific region, we should realize the free trade agreement between the United States and Japan, whose stages of economic maturity is similar. And as the successful result is verified, the step-by-step promotion of free trade for entire APEC, I believe, would be the realistic approach.

There are two reasons for promoting a U.S.-Japan Free Trade Agreement. The first is to avoid the trivialization of economic friction between the United States and

Japan. Such trivialization is not constructive, and it only damages mutual images when the USTR turns into the sanctuary for individual U.S. enterprises and businesses and when cabinet-level officials, hinting at sanctions, conduct negotiations, on specific subjects such as portable telephones and automobiles. In the free trade agreements that the United States has achieved, the establishment of a third party organization is one of the pillars of a "dispute management system." To set up the same sort of arrangement between the United States and Japan would be useful for the management of economic friction.

The second is to use the free trade agreement as an opportunity to promote further liberalization of Japan itself. As for the lowering of import duties as such, Japan's import duty for mining and manufacturing industries is 3.8 percent, which is lower than that of 5.4 percent in the United States. To make an effort to achieve agreement by getting after nontariff barriers such as the "custom of competition restriction" with which the United States takes issue, would be significant for the reform of Japan itself. Also, to reconfirm areas which neither can ever liberalize, such as some agricultural products, is important in the sense that it elucidates to the world what would be the "last sanctuary" for both countries.

Originally, a U.S.-Japan Free Trade Agreement was proposed in 1987 by U.S. Ambassador to Japan Mansfield. At that time, things were at a stage where the United States did not have a free trade agreement even with its neighboring country Canada, and the proposal was considered to be premature. Today when the United States is pursuing a strategy of liberalized trade, however, it would not be unnatural if it makes Japan its object. For that purpose, as well as for changing the image the world has that "Japan is an unfair and tricky country which is putting off liberalization," the Japanese side should propose a U.S.-Japan Free Trade Agreement as an experiment and turn back the U.S. offensive on individual issues. Instead of experiencing quickly alternating joy and sorrow by interpreting U.S.-Japanese economic friction by focusing on less important points, such as the Clinton government's characteristics and the personality of the USTR's Kantor, we should orient ourselves toward fundamentally solving the issues.

"U.S.-Japanese Security Treaty Sans U.S. Bases" and "Collective Asian Security"

As for the U.S.-Japanese Security Treaty, which has been the prop and stay of the U.S.-Japan alliance, the justification to cooperate against a common enemy is disappearing, when it comes to the real feeling among the people of both countries. The ordinary American's

common sense would be that U.S.-Japan Security Treaty is a treaty with one-sided obligations. They would sympathize with the question "why must our young people shed blood to protect the world's top creditor nation, even if Japanese security is threatened in an emergency in the Far East?" When we press for the real intention for suppressing such a question, it comes, ultimately, to the so-called "cap-in-the-bottle" theory. For the Japanese, on the other hand, that the "U.S.-Japan Security Treaty is turning into the hiring of a mercenary" is becoming heard more and more as the true intention. A feeling is emerging that "the U.S. forces are stationed here because of U.S. desires and necessity; moreover, Japan is taking up the burden of more than 70 percent of the expenses, as much as \$626 billion. It is as if we are hiring paid guards." In other words, the image of the U.S.-Japan Security Treaty is being trivialized mutually. Such an arrangement can not last long.

What we must consider is that it is not same to defend a U.S.-Japanese alliance and to continue the U.S.-Japanese alliance based on the current U.S.-Japan Security Treaty. Nationalism, which is budding spontaneously in both countries, is leveling the here-to-fore framework that the "U.S.-Japan Security Treaty equals the U.S.-Japan alliance." It is impossible for Japan to be recognized as a responsible power in the world when we are insensitive to the fact that today even 50 years after the war, 47 thousand U.S. forces personnel and 10 million troops of U.S. bases exist in the country.

It is not a cheap nationalism, nor an illusion to independent defense. It is not to follow the pattern of the old line of "antibase, anti-U.S.-Japan Security Treaty, and anti-America." Precisely because I feel that the U.S.-Japan relationship is important in the future too and that we should protect the pro-American principle, we must have the courage to revise the U.S.-Japan Security Treaty to an appropriate form.

We should not be ashamed of having had "foreign military bases in Japan," in the course of our history. But we should be ashamed of ourselves, if we are not willing to come up with a program for what to do with the next 50 years.

It is a return to right-mindedness and self-respect, which can be compared to the "revision of the treaties" which was the earnest wish of Meiji period Japan. China also is about to realize the return of Hong Kong, 155 years after the Opium war, 99 years after the New Territory's lease.

When we reconsider the security treaty, we need calmly to examine once more for what purpose and to what extent the U.S.-Japan Security Treaty is necessary. The vague explanation "to maintain East Asian stability" and

uncertainty about what a change of the status quo might bring should not make us avoid discussion on what the [bilateral security structure] really ought to be.

In the East Asia Strategy Report made by the Defense Department, published in February 1995, the recognition was presented that "Northeast Asia is a strategic crossroads, and the U.S.-Japan Security Treaty is the key to Asia's regional security." As a result those, in both countries, who support maintaining the current Security Treaty and who hesitate to change the present arrangement, are exchanging calls of "let's stick to the security treaty." But from the perspective of the United States, the U.S. forces bases in Japan do not exist for region-limited purposes, namely, as the key to the security of Asia. In other words, they serve not only regional purposes [to counter] the threat from countries such as China and North Korea. They are U.S. central strategic bases for global forward deployment, designed to maintain military presence in an area which covers nearly half the globe, including Southwest Asia and Middle East. That was also proven by the role the U.S. forces bases in Japan played during the 1991 Gulf War. Chalmers Johnson, who is one of the U.S. advocates of the peaceful dissolution of the U.S.-Japan Security Treaty, argues that "Japan is a security parasite, which is solidifying its superiority, and is only buying time before it tells us that our military presence is no longer wanted." But perhaps due to the fact that he is not a military specialist, he fails to recognize the fact that the U.S. forces bases in Japan are operating as global strategic points. In other words, the Pentagon evaluates the bases in Japan not as bases to support the commitment to regional security, for which it has many overseas, but as a strategic point. Moreover, such overseas bases, where the host country shoulders 70 percent of stationing expenses, provide an unprecedentedly advantageous existence.

The U.S.-Japan Security Treaty, however has a different meaning for Japan. There are on two points where Japan has to part company from the United States concerning military affairs. One is that Japan should not make any commitment to a role to maintain the military order as a policeman for the world. Even if we should take some part in the management of regional disputes within the framework of the United Nations, the U.S.-Japan Security Treaty should not exceed its restricted regional framework, let alone the Far East clause. Another is the nonnuclear policy. Unless Japan sternly declares its opinion for the discontinuation of all nuclear arms, including the nuclear arms the United States holds, it can not rebut the statement made by the Chinese Foreign Minister who said, "we can not understand the Japanese attitude: it remains silent on being under

the nuclear umbrella, yet, criticizes another country's nuclear testing."

As a realistic argument, we should start thinking about the security framework which we should aim at over the next 20 years. For instance, as the first stage, taking 10 years, we should reexamine the scope of the military strength we should maintain and the area of our responsibility for the security of the Asia region, on the premise of the current U.S.-Japan Security Treaty, and prepare the way step by step for the reduction of the U.S. forces bases in Japan. The current U.S. bases in Japan are mainly for the Navy, Air Force, and Marine Corps, but we should really minimize the personnel strength which needs to be deployed forward for regional disputes in the Far East. As the second stage, taking another 10 years, we should attempt to realize a collective

At the same time we should adhere to post war Japan's pacifism doctrine, keep the three nonnuclear principles and the weapon export ban and so on, and take the initiative for disarmament centering on the abolition of nuclear arms. The securing of self-defense capability which ensures not becoming the source of regional disputes and the pursuit of disarmament are not at all in conflict. A realistic position would be to advocate the basic idea of the Japanese Constitution, to lead disarmament toward the stabilizing the Far East situation, and to protect the country's security without expecting others' tolerance and without being idle.

In the United States, the question of Japan's developing nuclear arms and apprehension about civilian control in the militarization of Japan are often debated. Here is food for thought: we do not have independent control over the affairs of our own country and lack any voice in international society; the Japanese must realize "what history taught" and must control [its future] with resolve and wisdom. The foreign policy we should adopt, I think, is to defend the principle of a "nonnuclear armed, lightly armed, economy-driven nation," and at the same time, to elucidate its own policy, including the Constitution issue and security issue, to the world.

2. Lining Up for a Multilateral Foreign Policy

The argument about international cooperation and international contribution in Japan tends to be a purist argument, suddenly abandoning national interests, perhaps in reaction to our island mentality. But the reality of international politics is the clashes of self-interest between nations and groups. Especially because we live in a valley of repose, called the bilateral foreign relationship of the United States and Japan, if we are obliged to participate in the multinational game, we have but no

choice to be a part in the lengthy adjustment of each country's claim. For that end, we must direct our creative efforts to construct a foreign policy base which is different from the past.

UN Asia Pacific Headquarters Concept

What surprised me when I visited Geneva was that Switzerland utilizes Geneva, the center of international affairs, to the country's advantage. Switzerland itself is not a UN member in keeping with its permanent neutrality, but the UN European Headquarters is located in Geneva, and UNCTAD (UN Conference on Trade and Development), WHO (World Health Organization), ILO (International Labor Organization), WTO (World Trade Organization) and 15 other headquarters of UN related organizations are located there. They have about 400 thousand UN connected visitors annually in Geneva. They support Switzerland's tourist revenues by paying astonishingly high hotel charges. Besides the [presence of the United Nations] provides information on international relations and adds international richness to Swiss culture.

As for the international organization's headquarters located in Asia today, there are only three; the UN University in Tokyo, UNCRD (UN Center for Regional Development) in Nagoya, and the headquarters of ESCAP (Economic and Social Council for Asia and the Pacific) in Bangkok. In the Pacific Rim, there are headquarters of only small organizations located in Chile and Costa Rica. What if Japan proposes, as a part of the UN reforms, the establishment of a "UN Asia Pacific Headquarters" which rivals the UN Headquarters in New York and the UN European Headquarters in Geneva, and lures it to Japan? Japan may have to supply the land, facilities, and operating expenses. But if the UN Asia Pacific Headquarters is set up in Japan, and under its umbrella, headquarters are established for UN organizations on whose functions Japan places importance in its international contributions, for instance, it will not only increase Japanese international awareness. Other Asian countries will also see it as a chance to change the characteristics of the UN.

Taking the opportunity of "moving the capital" on which concrete discussion has started, we could bring the "UN Asia Pacific Headquarters" to the new capital (replacing Tokyo). This may be useful to increase the international nature of the new capital. Or, it is also a fantastic idea, to provide a huge piece of land in a place such as Hokkaido and linking with the opening of the hub airport, develop a unique city as an international center. In essence, I am advocating that Japan, by making such proposals, should take part in the discussions to expand the possibilities for the United Nations.

We should not regard the government and United Nations as too holy nor should we underrate it. I personally do not think it is appropriate to promote the establishment of a "UN Police Corps" in the current United Nations, which is filled with the egotism of the big powers, and place our young people under its leadership. I also question whether we should gain a permanent seat on the Security Council and, unprepared, participate in the game among the major powers. On the other hand, we must recognize that the United Nations is a valuable place for the coordination of countries' interests. In such a context, Japan must draw a line between itself and the existing major powers, and become a pioneer for UN reform from an Asia Pacific perspective.

Improvement of Foreign Policy Infrastructure

I have already stated that a multilateral foreign policy requires an enormous foreign policy infrastructure. The improvement of the foreign policy infrastructure in this case does not simply mean solidifying the Foreign Ministry and educating and nurturing of people who are engaged in foreign policy. It has to do with measures on how to increase the ability of the Japanese people to comprehend the world.

I have spoken sometimes on the need for policy think tanks. But here I want to make a proposal on a policy think tank for Asia Pacific issues. As an example, I want to mention the Research Institution on the Arabic World located in France. In 1974, right after the first oil crisis, France instituted the concept of a Research Institution on the Arabic World, obtained the participation of 22 Arabic countries, and started the institution with a nine story building in Paris. The purpose of the institution was stated to be "to increase knowledge on the Arabic world; to increase research on the Arabic language and the Arabic world's cultural and spiritual values; also to develop a relationship of exchanges and cooperation between France and the Arabic world, especially in the field of science and technology; and to contribute to the development of the relationship between the Arabic world and Europe." This is a one large institution containing a library, data base, and museum, and draws scholars and researchers on the Middle East and Arabs from all over the world, and is becoming a magnet in Paris for information on the Middle East and Arabs.

As for the reality in Japan, however, in spite of the claim that "the Asia Pacific is important," how much has Japan improved its own mechanism systematically to collect and analyze information on this region in the last 20 years? It is true that there are also a number of "think tanks" in Japan, but most of those are public corporation types which supplement government organizations or

private enterprises' research organizations constituted as separate corporations. Independent foreign policy think tanks like those existing in the United States and Europe have not emerged. I understand that there is a plan to merge the Institute of Developing Economies, which is a quasi-government think tank and has a reputation for producing relatively good quality regional studies, with JETRO [Japan External Trade Organization]. This is for the purpose of reducing the number of organizations in the "review of special corporations under administrative reform," [so they can say they reduced the number of special corporations] This manifests the degree of interest this issue is receiving.

As we observe the major think tanks such as the Royal Institute of International Affairs (Chatham House) and the Institute of International Strategic Studies (IISS) in Great Britain, and Council on Foreign Relations (CFR) and the Brookings Institute in the United States, it is clear that the business, academic, and government sectors supported and nurtured these think tanks, with a strong awareness of issues, for the purpose of "drawing up and evaluating public policy." This came at a stage when these two countries began to realize that they had to provide responsible comments in international society.

Even if Japan is to take part in the Asia Pacific game, unless it has the "mechanism of knowledge" which supports its commentary, the content of its comments will be nothing but fragmented and self-righteousness. As a concrete strategy, Japan should nurture an international-class policy think tank which could be named the Asia Pacific Strategic Research Institute. In that connection, there are some important factors. One is not to commit the stupidity of only gathering Japanese researchers. We should invite young scholars from the Asia Pacific region and establish a research environment filled with intellectual dynamism. Second is to expand the financial base. If it is possible, we should attempt to obtain the participation of many countries, but what is most important is to avoid reliance on government. We should have a setup with support from multiple sources including many private enterprises and individuals. The third is not to be inflexible for their establishment only in Japan. A tax write-off for donations for nonprofit organizations is difficult under the Japanese legal system, so if we wait for a revision of that law, we will miss the opportunity. The establishment of the Asia Pacific Research Institute in Hawaii, for instance, where the legal system for think tanks is well in place, may be an idea.

Looking at the financial situation of major think tanks in the United States and Europe, if we can secure \$50 million (about 5 billion yen) for annual operation funds,

we can satisfy the basis of activity for international class think tanks. That means accumulating a base of a billion dollars in funds. The country, which had to accept the supplying of \$13 billion in a flash when the Gulf War broke, should be able to raise funds of a billion dollars as the investment for the future. Also, this is the era when the Japan Federation of Economic Organizations gives over 10 billion yen annually to the Liberal Democratic Party (LDP) as support for its political activity. But is it not the time when "political funds" should be spent for "policy" rather than a "political party," in other words, in the direction to support think tanks for planning the policy which would be passable by world standards?

What must we do by creating think tanks for Asia Pacific studies? That is to study systematically the [proper] Japanese contribution to the Asia Pacific region and to propose [relevant] policies. Concretely speaking, if Japan is to pick a priority objective for its contribution in the Asia Pacific region, it would be concepts for securing energy and food in this region.

As for energy, if Asia continues its average seven percent growth, it is forecast that, within 10 years, a petroleum shortage of 7-10 million barrels per day will occur in the Asian supply and demand alone. This means increased reliance for supplies on the Middle East, which contains elements of instability. It could cause Japan, whose reliance on the Middle East for petroleum had come down to 70 percent, to go up to the level of 90 percent. It is a situation in which a comprehensive strategy for a stable supply of energy on a broad scale, which keeps Central Asia, the Far East, and further, North, Central, and South America in mind, has to be conceived. Having such a situation in the background, as for nuclear energy generation in the Far East, the generators operating now are 49 in Japan, 10 in South Korea, 16 in Taiwan, and 3 in China. In the next 10 years, the addition of 18 generators in China, 12 in South Korea, 5 in Japan, and 4 in Taiwan are expected. Including the development of light water generators in North Korea, the control of safety for nuclear energy generation in this region is also becoming a big subject.

As for the issue of food, structural changes are similarly occurring as the result of growth in the Asia region. It is also a main factor that the current total world population estimated to be 5.7 billion will be 6.3 billion in the early 21st century. But economic growth will cause eating habits to become like those of Western Europe. For that reason, the consumption of meat and dairy products will increase and will, in turn, increase the demand for grain. If the seven percent growth continues in Asia, within 10 years, a five thousand ton shortage in the grain supply will occur in Asia alone, according to some forecasts. Already starting last year, the grain market has basically

been on the rise, not only because of temporary climatic factors, but because of the suspension of exports by China, which had been a grain exporting country.

Because Japan relies on overseas sources for 99 percent of its energy and 63 percent of its food, these two items are the root of its weakness. And at the same time, these are the areas where the United States has an overwhelming superiority. For instance, as for energy, 8.6 million barrels per day out of the 17.45 million barrels per day, which was the 1994 U.S. petroleum demand, was domestically produced. Its petroleum reliance on the Middle East is only about ten percent. It is in a position where it could increase domestic production at any moment, increase imports from neighboring North, Central, and South America, and realize "self sufficiency within the Americas." As for food also, it is a country which has a conspicuous power to supply food, as seen in the \$45.7 billion U.S. exports of agricultural products in 1994. Therefore, to grope for comprehensive security for energy and food in the Asia Pacific region, we must seek ideas in cooperation with the United States.

In sum, when Asia Pacific study policy think tanks search [for a solution for] comprehensive energy and food security, they should naturally reach the conclusion that the United States and Japan have common subjects to discuss and they must consult objectives and strategy for the Asia Pacific. And the Japanese design for the "Pacific," which I mentioned earlier, would become apparent.

In Conclusion

As usual, changes of government have been continuing in Japan. Although the people are disillusioned about politics, the mergers and alliances by professional politicians are going on a full scale. In the midst of the political uncertainty and lack of leadership, some people say that, no matter how good the policy arguments, politics is meaningless, unless political reconstruction is achieved. Is it really the case? Rather than waiting for the political reconstruction, like waiting one hundred years for a muddy river to clear, I think it is more important for people to make proposals for systematic policy concepts, which transcend self-interest. These should deal with "what should be questioned now" and "what should be done," and should seek to change the system in which the lack of policy is compensated for by the bureaucratic mechanism. When such discussions become active, I believe, the key political choices will gradually emerge.

As for speaking out in international society, after all, only the countries which raise the level of the people's recognition of the times [we live in] and present creative ideology, vision, and ideas, can gain a "position of

respect." And, needless to say, to give direction to the country, in the development of which young people can participate with pride and dreams, is the most important preparation for engaging in multilateral foreign policy.

Are we going to let the results of prosperity, which we built assiduously from the bottom of ruin during the 50 years after the war, disappear like sand running through one's fingers? Will we do this because of the lack of recognition of the times and lack of a strategic concept? The timer is ticking; the time is limited.

Japan: 'Sources' Say U.S. To Give PRC, Russian, DPRK Missile Data

OW0903124696 Tokyo KYODO in English
1119 GMT 9 Mar 96

[FBIS Transcribed Text] Tokyo, March 9 KYODO —
- The United States will brief Japan on Chinese and Russian strategic nuclear missiles under a bilateral pact signed last month on the study of a new missile system, Japanese government sources said Saturday [9 March].

It will be the first time that Japan will have such comprehensive data on strategic missiles, sources at the Foreign Ministry told KYODO news.

The briefings will be provided under a memorandum of understanding signed by Tokyo and Washington on Feb. 23 and notes exchanged between them on the study of the so-called Theater Missile Defense (TMD) system.

The documents stipulate that the U.S. provide Japan with strategic information made available from U.S. spy satellites and intelligence agencies free of charge, the sources said.

The briefings are expected to cover Chinese and Russian ground-launched and submarine-launched nuclear missiles and missiles with conventional warheads as well as North Korean missiles, they said.

The Foreign Ministry and the Defense Agency will jointly analyze the data and submit reports to the prime minister, they said.

Officials at the Foreign Ministry and the Defense Agency mostly welcome the arrangement because it will help them form a more detailed picture of threats in the post-Cold War era.

But some officials pointed out that the Self-Defense Forces cannot not make use of such strategic missile information to protect Japan because they do not have equipment to counter such missiles.

The TMD project, advocated in 1993 by U.S. President Bill Clinton, is designed to counter incoming enemy

ballistic missiles with antimissile missiles using spy satellites.

Washington has asked Japan to join the TMD project, but Tokyo has yet to decide whether to take part, although the Defense Agency set aside 440 million yen for research and development of the TMD in the fiscal 1996 state budget beginning in April.

The Defense Agency hopes to decide in fiscal 1997 whether to participate in the TMD project, believed to cost more than 2 trillion yen.

Japan: DA Fails To Detect PRC Missile Launches
OW1003015596 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 9 Mar 96 Morning Edition p 6

[FBIS Translated Text] The Defense Agency (DA) and the Self-Defense Forces (SDF) failed to detect, through their own ability, China's missile launches into Taiwan waters on 8 March. Since the affected sea area is close to Yonaguni Island, located in the westernmost part of Japan, they have strengthened their monitoring efforts "by all possible measures that can normally be taken" (as stated by Chairman Tetsuya Nishimoto of the Joint Staff Council). However, the failure was due to the fact that they cannot detect missile launches nor ballistic flight routes through their own capabilities.

It is observed that the SDF has taken the following and other actions: monitoring of communications and radiowaves by the Special Office of the Second Intelligence Department of the Ground Staff Office, and a thorough surveillance by aircraft of both the Air and Maritime Self-Defense Forces to see if Chinese warships are cruising in neighboring seas to confirm the impact area of missiles.

However, the radar sites set up throughout the country by the Air Self-Defense Force are mainly used for detecting aircraft. It is said that these radars cannot detect the movement of such small objects as ballistic missiles, which will fall at high speed from almost directly overhead. Moreover, unlike aircraft, missiles have narrow reflection areas on radars.

In this connection, the actual situation indicates that the DA needs to depend on the U.S. Forces, which have military satellites and other equipment for collecting information on missile launches.

Tokyo Urges Chinese Self-Restraint on Taiwan
OW1103111196 Tokyo KYODO in English
1047 GMT 11 Mar 96

[FBIS Transcribed Text] Tokyo, March 11 KYODO — Japan pressed China to exert self-restraint in its policy toward Taiwan for the second time in a week Monday

[11 March] amid Beijing's intensifying pressure on Taipei.

Ryozi Kato, director general of the Foreign Ministry's Asian Affairs Bureau, aired the view when he summoned to the ministry Zheng Xianglin, counselor at the Chinese Embassy in Japan, ministry officials said.

Kato called Zheng to the ministry last Wednesday, two days before China fired guided missiles into waters near Taiwan's two main ports in what is seen as a bid to discourage Taipei's potential declaration of independence from Beijing.

Monday's renewed call by Kato for prudence on the part of China followed the announcement that China will conduct live-ammunition military exercises for nine days from Tuesday ahead of the first-ever direct presidential election in Taiwan.

"We related our view once again as China did not appear to be moving in the direction we deem favorable or to exert self-restraint in the matter," a senior ministry official said.

During the 20-minute meeting, Kato reiterated that escalation of tensions across the Taiwan Strait could threaten the peace and stability of East Asia, the officials said.

He was also quoted as saying that Tokyo hopes the current standoff between Beijing and Taipei will be resolved peacefully.

In repeating China's basic position on its missile tests and military exercises, Zheng contended China's moves are in response to Taiwan President Li Teng-hui's apparent desire to seek independence, the officials said.

"Caution must be exercised to counter Taiwan's dangerous proclivity toward independence," the Chinese diplomat was quoted as telling Kato.

Japan expressed concern Sunday, via its embassy in Beijing, about the safety of civil aircraft and ships near the waters. China replied Monday their safety will be ensured as long as they keep away from the zone subject to military exercises.

Japan: Article Views China's 'Missile-Intimidatory Diplomacy'

OW1003220196 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 9 Mar 96 Morning Edition p 3

[Article by Norimichi Izumi, chief of the NIHON KEIZAI SHIMBUN Beijing Bureau: "Missile Launch-

ing Exercises — China Is Engaging in a Touch-and-Go Business of Intimidatory Diplomacy")

[FBIS Translated Text] Chinese President Jiang Zemin officially admitted at a 8 March session of the National People's Congress (NPC) that the People's Liberation Army had started missile-launching exercises in waters close to Taiwan. Jiang then delivered admonitions against Taiwan's independence movements, asserting: "Our struggle will not stop so long as Taiwan authorities do not cease its activities to split the motherland for a single day." The present exercises are also intended to keep Japan and the United States in check because there are those who might endorse "Taiwan's independence" in the two countries. However, China's missile-intimidatory diplomacy involves a risk of bolstering the "China as a threat arguments" and isolating itself internationally.

China's present diplomatic strategy regarding the Taiwan issue aims at dividing the United States and Taiwan. In addition to the military exercises, China has been taking the so-called "stick" attitude (as in carrot-and-stick policy) toward Taiwan. For example, XINHUA, the Chinese state-run news agency, denounced Taiwanese President Li Teng-hui by name as a "secret advocate of Taiwan's independence" — Li is certain to be reelected in the forthcoming direct presidential election.

On the other hand, China has been promoting exchanges between the Chinese and U.S. Governments, including those in the military field. It has arranged Defense Minister Chi Haotian's "visit to the United States for April," which has been postponed in connection with the Taiwan issue. The United States has no choice but to deal with China's "carrot" diplomacy in its own way because it understands that "China is a too big and important country to be pushed into isolation," (as stated by State Department Spokesman Nicholas Burns).

In the United States, "pro-Taiwan forces" are now spreading not only within the Republicans but also in the Democrats with the U.S. presidential election scheduled for November. In particular, many in the U.S. Congress who are sternly viewing China have deemed that the forthcoming Taiwanese presidential election will lead the "finishing touches to efforts toward Taiwan's democracy."

China thinks that to prevent "Taiwan independence" it needs to restrain not only the pro-Taiwan groups in the United States, but Japan as well. It is said that three of the four presidential candidates, excluding Chen Lu-an, are good Japanese speakers. It is a well known fact that Li Teng-hui graduated from Kyoto University.

There are pro-Taiwan forces, including the "legislators' council on Japan-China relations [nikka kankei]," in Japan's ruling Liberal Democratic Party and Shinto Sakigake, and the opposition New Frontier Party. Many Diet members visit Taiwan every year.

Taiwan cooperates with the United States in the political and military fields while strengthening economic ties with Japan. Taiwan's independence seekers have drawn such a scenario to counter China. Therefore, China also means to give Japan a "warning" by continuing military exercises in waters around the Senkaku Islands [known as Diaoyutai Archipelago in China], claimed by both Japan and China, and in the Taiwan Strait, which is an important transportation route for Japan.

However, it is uncertain whether China's pressure on Taiwan will directly lead to dividing the United States and Taiwan, and keeping Japan in check. If international opinion leans toward "sympathy" for Taiwan, China may advance on the road of isolation. In that sense, China has taken a step onto risky, intimidatory diplomacy.

"The Taiwan compatriots do not have to panic over the pending military exercises," Qian Qichen, Chinese deputy premier and foreign minister, asserted at a 8 March NPC session immediately after China started its missile exercises. This statement indicates that there is a view even in the Chinese Government that "the out-and-out hardline diplomacy is not necessarily expedient."

U.S. Secretary of State Warren Christopher met Chinese deputy foreign minister Liu Huaqiu, who is visiting the United States, on 7 March. At the meeting, Christopher warned that "if the missile exercises in waters near Taiwan bring a disastrous accident, the United States will demand that China take responsibility."

The hitting precision of surface-to-surface, medium-range M-9 missiles — which China is said to have fired in waters near Taiwan — is said to be of "medium-class quality according to international standards," (stated a Japanese Defense Agency source). The missiles reportedly hit targeted sea areas in the 8 March exercises. If China escalates military exercises against Taiwan in the future, that might cause an unanticipated crack in diplomatic relations between Japan, the United States, and China.

Japan: Article Discusses China's Military Capability

OW1103033696 Tokyo SANKEI SHIMBUN
in Japanese 7 March 96 Morning Edition p 5

[Second in 3-part series entitled "Can Chinese Military Win the Next War?"; this edition entitled "China Aims

To Take Leadership by Submarines; Two Sets of Aircraft Carriers By Beginning of Next Century" by Masaru Soma]

[FBIS Translated Text] Following is a full strategic research report, which was published in China. But its publication was banned later.

Comparison Between Chinese and Taiwanese Militaries

Taiwan, as one of the "four dragons," has an affluent economy and considerable military powers. Most of its military equipment and technologies is better than that of China and a large portion of its modern equipment are made in the United States. Since it broke off diplomatic relations with the United States, Taiwan has been thinking about constructing an "independent defense" system and trying [for that purpose] to make qualitative improvement to its military power by increasing military expenditures each year. It increased military spending from \$2,784 million in 1979 to \$11 billion in 1993, which was spent mostly for the Air Force and the Navy.

F-5E and F-104G are the principal aircraft of the Taiwanese Air Force. Generally speaking, Taiwan's military equipment is inferior to that of China. However, Taiwan imported 150 F-16's from the United States and 60 Mirages from France. In addition, 130 aircraft, which Taiwan had developed on its own, joined the Air Force. Air Force equipment is in the stage of being replaced. Moreover, Taiwan is planning to introduce more than 350 next-generation all weather fighters. Therefore, it will be more difficult for China to take and maintain the command of air over the Taiwan Strait.

Such ships as destroyers, patrol boats, missile escort ships, and landing boats are main powers of the Taiwanese Navy. Although they are better than one Chinese fleet (such as the East Sea Fleet and the South Sea Fleet) in terms of fighting power, they are no match for two Chinese fleets. In particular, China has more submarines and Taiwan does not have nuclear submarines.

These tell us that the Taiwanese military is not capable of advancing toward the Continent of China for the time being. This is something we cannot separate from the Taiwanese military's long-term "defense strategy" and the idea of defense operation guidance [bogo saizuen shido shiso]. However, the Taiwanese military is highly capable of defending Taiwan from the Chinese military's offense weapons if the Taiwan Strait become an operational zone. Also, Taiwan has modernized its weapons considerably. It will be very difficult to destroy the Taiwanese military's defense system within a limited period. Therefore, it is expected that a battle

in the Taiwan Strait will become a highly sophisticated modern war.

How Much Military Power Should China Use?

The actual number of total Chinese Air Force effectives is 490,000 and it has 5,200 operational aircraft. The Navy has 38,000 effectives and 800 operational aircraft so that China can mobilize 6,000 aircraft. The Chinese military can take and maintain command of the air if it mobilizes 2,400 aircraft, which is 40 percent of aircraft China can mobilize. The Chinese Air Force has an absolute advantage over the Taiwanese Air Force as far as the military force is concerned. However, the third-generation fighters count for less than 40 percent of overall aircraft the Chinese Air Force has.

Meanwhile, the Chinese Navy can mobilize the People's Liberation Army's North and South China Sea Fleets at least. The fleets are composed of submarine squadrons, 750 operational warships, about 100 landing ships, 100,000-member landing party, and other military equipment. They can take positions to launch a pincer attack on Taiwan from two directions. The Chinese Navy also has to think about a way to retard support from the 7th Fleet of the U.S. military.

What we have to pay attention to is that a key to win a battle at the Taiwan Strait is to sufficiently utilize the attack capability the Chinese Navy's submarines, which have an advantage over Taiwan. Submarine attacks will become the most effective means of giving destructive blows to the Taiwan Navy. It will also become an effective weapon to keep the Taiwan Navy in check. Because of this, China will be able to take the leadership in war relatively easily by using many submarines during an air war or landing maneuvers too.

Moreover, in addition to major assaults by the Navy and the Air Force, the People's Liberation Army's Second Artillery Corps, which is a missile launching unit, will demonstrate certain capability during a war to recapture Taiwan. In addition to intercontinental ballistic missiles, the Second Artillery Corps has many medium- and short-range missiles.

China Can Be More Reluctant About Situation If It Had More Aircraft Carriers In November, 1990, the General Staff Headquarters of the People's Liberation Army and the State Commission of Science, Technology and Industry for National Defense held a joint exhibition at a military museum in Beijing, displaying Chinese and international cutting edge weapons. The exhibition was not meant for foreign countries but for a limited number of military officials and people from industrial and political circles. A model aircraft carrier, which was built by

the Center for Demonstration of Navy Development [kaigun hatten rensho], and its subsidiary ships [fuzoku kantai] were on display at a Navy exhibition booth. An attendant at the booth explained China's dream of possessing aircraft carriers in the future. An aircraft carrier fleet controls Navy's capability of attacking air and sea areas.

Top military brass, including (then) Navy Deputy Commander Li Jing and (then) Air Force Commander Wang Hai, attended the exhibition and pledged their support for construction of aircraft carriers.

Chinese Navy plans to own two aircraft carrier fleets by the beginning of 21st Century and build 40,000-50,000 ton Kiev-class aircraft carriers. They will have 70-meter flight deck and capable of carrying 20 fighters of various types on deck and 20-28 fighters in a hanger. Seventy billion yuan (approximately 710 billion yen) will be needed to build two aircraft carrier fleets.

Japan: More Discussion of Beijing's Military Capability

OW1003235696 Tokyo SANKEI SHIMBUN
in Japanese 8 Mar 96 Morning Edition p 5

[Third and last in the three-part series by Masaru Soma in Hong Kong and entitled "Can Chinese Military Win Next War?"; this installment is entitled: "U.S. Direct Intervention in an China-Taiwan Emergency With its 7th Fleet; the Use of Armed Force Is a Poor Policy"]

[FBIS Translated Text] Following is a detailed report on a book on strategic research on warfare that was published in China but its sales were later prohibited:

Will the United States Decide on Its Entry Into a War?

As far as the U.S. forces that have served as the "world's military police" and protected Taiwan with its own nuclear arms are concerned, they cannot look on with folded arms at Taiwan no matter what situation it will be forced into with the military threat or wars. Taking advantage of such chances, the U.S. forces will probably demonstrate to Taiwan their concerns over and support for Taiwan.

In consideration of its world strategy, the United States will probably not tolerate the appearance of a formidable rival in East Asia that is capable of standing up against the United States. In 1992, the U.S. Forces in Pacific held a meeting of experts to discuss issues on carrying out its "new military strategy" in the Pacific region, and issued the following report:

"China has increasingly strengthened its military strength in a comprehensive way, and has imposed a serious influence on the military balance in the Asia-Pacific region. Since there are many hotspots in the Asia-Pacific region where battles may arise and also many places where territorial disputes exist at present, there is a great possibility that limited warfare may arise."

"While serving as a guard against Russia, the U.S. forces stationed in the Asia-Pacific region regard China, North Korea (the DPRK) and Vietnam as the major targets in operations."

"At the same time, the U.S. Seventh Fleet regards the Chinese Navy as one of its major rivals because it constitutes a serious threat to the superiority of the U.S. forces and may overturn this superiority in this region."

However, to what extent will the United States make its intervention?

There are two possible cases: First is direct intervention by undertaking actions in cooperation with Taiwanese forces. Second is an indirect checking with arms by imposing military pressure on China.

Viewed from the standpoint of effectiveness, there is a greater possibility of resorting to the first alternative.

Moves of the U.S. Seventh Fleet

When U.S. military strength is compared with that of China, it will be sufficient for the U.S. forces to mobilize only a portion of the vessels belonging to the Seventh Fleet in case the U.S. forces are to adopt a strategy of defending Taiwan.

The Seventh Fleet is the largest fleet that the U.S. Navy has deployed overseas. It is the world's largest fleet based on the "forward deployment strategy" with its major strategic objective lying in defending the West Pacific region. The area of its activities covers the West Pacific that extends to 11,000 nautical miles west of the West Coast of the United States; the South Pacific; the Indian Ocean and the Arabic Sea. If necessary, this area can be extended to cover the central Pacific, east coast of the African continent, and an extensive sea area covering from the Kuriles off the northern coast of Hokkaido to the North Pole.

The Seventh Fleet is composed of 70-80 vessels, with 50 vessels standing by ready at Guam or at U.S. military bases in Japan.

Constituting the major force of the Seventh Fleet, these forward deployed units possess powerful military capability and are of great strategic importance. Other

vessels about 20 in number are stationed in Hawaii or at bases on the West coast of the continental U.S.

The Seventh Fleet is composed of such vessels as 2-3 aircraft carriers, 3-4 cruisers, 18-20 destroyers or escort vessels, and 7-8 submarines. As for operational aircraft, it is estimated that there are 250 planes on aircraft carriers, about 10 multipurpose aircraft that can be landed on ground bases; and 160-170 aircraft for the Marine Corps.

Every year, about 50 percent of those units belonging to the Seventh Fleet are engaged in performing their duties in the West Pacific area or in the Indian Ocean. Once an order is issued, units under the Seventh Fleet can be concentrated in the waters of the Taiwan Strait within a short period of time.

The U.S. administration will naturally take advantage of this opportunity to eliminate military threat imposed by the Chinese Navy. And at the same time, it will probably issue a warning against China's strategy of positive development in the oceans. For this purpose, the United States will probably organize a large-scale fleet of aircraft carriers.

What Will Eventually Become of the War?

The key to the final conclusion of the warfare to recover Taiwan lies in the consequence of battles carried out in the Taiwan Strait between the Chinese and Taiwanese forces.

There is no doubt that if the Chinese forces should succeed in attacking and wiping out the Taiwanese Navy and Air Force within the scheduled time, the Taiwanese side will give up its resistance but will be able to save the main island of Taiwan from the flames of war so that no private houses will eventually be burnt down.

However, if the Chinese forces should fail to break through the major defense line of the Taiwanese forces, it will be impossible to carry on landing operations on the main island of Taiwan, with the situation becoming extremely serious for the Chinese forces.

Moreover, there is another possibility: Even when the Chinese forces should be able to achieve part of its offensive objectives within the scheduled time, the question remains as to whether the Chinese forces will be able to destroy Taiwan's defense system.

Under such circumstances, there is a great possibility that the tide of war will become very complicated. In other words, foreign forces such as the United States may join in the war and it will impose a serious influence on the war situation.

After all, it can be said that to use armed force in settling the issue on the recovery of Taiwan is a poor policy while the very best policy lies in peaceful unification.

Japan: Editorial Urges PRC To Halt Missile Drill 'Immediately'

OW1103014096 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Mar 96 Morning Edition p 2

[Editorial: "China Must Suspend Military Drill Immediately"]

[FBIS Translated Text] On 8 March, the PRC began its missile exercises and fired three surface-to-surface missiles into waters near Taiwan. We have argued that the problem related to the reunification of Taiwan (and the PRC) must be worked out through dialogues. The PRC's decision to carry out the missile tests is extremely regrettable as it ignores calls not to do so from the international community.

The purpose of the missile drill appears to be an attempt to put political pressure on Taiwan's forthcoming presidential election set for 23 March. However, it is not fair to pose a blatant threat by firing missiles close to Taiwan simply because President Li Teng-hui is intensifying his efforts to seek the island's independence from the mainland.

In addition, the approaching presidential election is going to be Taiwan's first direct election. The PRC may say it is just a local election under a make-believe democracy. It is true that some problems exist in this presidential election, but Taiwan's efforts toward democracy with the multiple candidacy system are worth mentioning. The attempt to shake the election based on such efforts as the use of force is a defilement against democracy and will not be tolerated.

Early in 1995, CPC Secretary General Jiang Zemin issued an eight-point proposal to promote Chinese reunification. In the proposal, he stressed his intention to make more efforts toward peaceful reunification. He also said that the PRC welcomes visits by Taiwan leaders in their appropriate capacity and that it is possible for Chinese leaders to visit Taiwan.

However, after that, the PRC quickly hardened its attitude. One reason is President Li's visit to the United States. Some observers speculate that the military criticized Jiang's Taiwan policy as being weak-kneed policy. We understand that it is not easy for the PRC, which is in a post-Deng era transition phase, to formulate flexible policies.

But the PRC should not fail to make efforts for a peaceful solution. Li's intensifying pro-independence

stance does not mean it is impossible for both countries to hold dialogues.

The international community drastically lost its confidence in the PRC after the Tiananmen incident in June 1989. The PRC must have a clear recollection of the difficulties it had in restoring its ties with the international community. Do not forget a lesson learned seven years ago.

The PRC should immediately suspend its missile drills, return to the principle of the eight-point proposal, and aim at settling the Taiwan issue in a peaceful manner.

Japan: Daily Reports Student Demonstration in DPRK

OW1103053896 Tokyo SANKEI SHIMBUN
in Japanese 9 Mar 96 Morning Edition p 5

[By Katsuhiro Kuroda]

[FBIS Translated Text] Seoul, 8 Mar — A ROK intelligence source disclosed on 8 March that about 200 university students held an anti-government demonstration in Chongjin city on the eastern coast of the DPRK (North Korea) toward the end of February. And it is reported that the Ministry of Public Security (police) and the State Security Department (secret police) were put on alert. This information was brought in by an overseas Korean who had visited North Korea. Reportedly, the students took to the streets for a demonstration to denounce scandals and corruption of public servants, and all the students were arrested by the authorities.

Although the details remain unknown, it is rather unusual that an anti-government demonstration has been reported in concrete terms. It is observed that if the information concerning the demonstration is true, the students have started criticizing the government by bringing up the issue on wiping out scandals and corruption, which is an issue that can win sympathy among the general public.

Tokyo May Ask Citizens Not To Visit Disputed Isles

OW0803152096 Tokyo KYODO in English
1037 GMT 8 Mar 96

[FBIS Transcribed Text] Tokyo, March 8 KYODO — Japan will ask its citizens to refrain from visiting a group of contested islets on their own if South Korea opens the territory currently under its control to tourists in the future, a Foreign Ministry spokesman hinted Friday (8 March).

The spokesman, Hiroshi Hashimoto, told a news conference that visits by Japanese to the group of disputed islets would run counter to Tokyo's long-held stance on the territorial dispute between the two nations.

The remark is an indication that Japanese voluntary restraint on visits to the rocky outcroppings will influence South Korean policy after Seoul completes a wharf on one of the islets, possibly in late 1997.

The decades-old territorial row has recently surfaced again as both Tokyo and Seoul are poised to declare a 200-nautical mile exclusive economic zone around their respective coasts under the UN Convention on the Law of the Sea.

The islets are known as Takeshima in Japan and Tokto in South Korea.

Japan: MOF Announces First Current Account Deficit in 5 Years

OW1103002396 Tokyo KYODO in English
0010 GMT 11 Mar 96

[FBIS Transcribed Text] Tokyo, March 11 KYODO — Japan posted current account deficit of 1.9 billion yen in January, turning into the red for the first time in five years, the Ministry of Finance (MOF) said Monday (11 March).

In goods and services trade, Japan had a deficit of 312.8 billion yen, also turning to the red for the first time in five years, the ministry said.

Merchandise trade alone produced a surplus of 263.4 billion yen, down 46.9 percent, marking the 14th straight month of yearly declines, it said.

Exports rose 22.2 percent to 3,260.1 billion yen, while imports increased 38.0 percent to 2,996.7 billion yen, the ministry said.

In the services account, however, Japan posted a deficit of 576.2 billion yen, up 37.1 percent from a deficit of 420.2 billion yen a year before.

Starting with the January data, the ministry adopted a new format for its report on international balance of payments.

Under the revised format, the ministry newly introduced the category of goods and services trade, and only yen-denominated figures are available for current account data.

Japan: Murayama Seeks Party Unity Over 'Junes' Scheme

OW0903043196 Tokyo KYODO in English
0320 GMT 9 Mar 96

[FBIS Transcribed Text] TOKYO, March 9 Kyodo — Tomiichi Murayama, leader of the ruling coalition's Social Democratic Party (SDP), sought renewed support Saturday (9 March) for the government's scheme to

liquidate "Jusen" housing loan companies as the party opened its first convention since changing the Japanese version of its name.

Murayama, a former prime minister, said in his opening remarks that the scheme, originally advanced by his government and now pushed by Prime Minister Ryutaro Hashimoto's government, is the only choice doable.

In a report to the opening session of the two-day meeting at the party headquarters, SDP Secretary General Kanju Sato called on party lawmakers and supporters to rally behind the "Jusen" liquidation scheme.

He said such a show of party unity is necessary "to protect depositors and avoid monetary anxieties to achieve full-scale economic recovery, stabilize the monetary system and restore international confidence" in the Japanese financial system.

Sato also proposed fielding SDP candidates in the next general elections for the House of Representatives should the party gain a stronger voice in the three-way coalition with Hashimoto's Liberal Democratic Party and New Party Sakigake [Harbinger].

The party's Japanese name was changed in January from Nippon Shakaito, which can be translated as Japan Socialist Party, to Shakai Minshuto, or Social Democratic Party. The party had already changed its English name in January 1991 from the Japan Socialist Party to the Social Democratic Party.

Murayama, who resigned as prime minister Jan. 11, reiterated that the SDP will try to gather Japan's wide-ranging "liberal forces" to create a new party.

The fiscal 1996 budget, which his administration proposed last December, contains the 685 billion yen Jusen scheme aimed at dissolving seven failed housing loan companies.

The Diet has been stalled since Monday, when members of the main opposition Shinshintō (New Frontier Party) began picketing the lower house's Budget Committee room.

Shinshintō is demanding the 685 billion yen appropriation be removed from the 75.1 trillion yen budget for fiscal 1996 starting April 1.

Japan: SDP Convention Criticizes 'Jusen' Scheme
OW0903163196 Tokyo KYODO in English
1226 GMT 9 Mar 96

[FBIS Transcribed Text] Tokyo, March 9 KYODO —
- Representatives of the ruling coalition Social Democratic Party (SDP) at its party convention Saturday (9 March) criticized the government's controversial

scheme to use tax money to help liquidate seven failed housing loan companies, known as "Jusen."

In an opening address at the two-day meeting at party headquarters, SDP leader and former Prime Minister Tomiichi Murayama sought renewed support for the government scheme. "We must not postpone the settlement (of the Jusen issue). There is no effective measure other than the government plan," he said.

Murayama resigned as prime minister in early January after his government compiled the fiscal 1996 budget, which includes the Jusen liquidation scheme. It calls for using 685 billion yen in taxpayers' money to help liquidate the seven Jusen firms.

SDP representatives from Fukuoka, Hiroshima, Kochi and Yamanaashi prefectures urged a freeze of the 685 billion yen outlay, saying the government plan has failed to win popular support.

But Shigeru Ito, chief of the SDP's policy board, said, "Although 90 percent of the people oppose the scheme, we cannot postpone the settlement irresponsibly. We will surely obtain public understanding while unearthing the responsibility of people concerned."

Party General Secretary Kanju Sato rejected a freeze of the 685 billion yen outlay, saying the Jusen issue required urgent resolution.

He said a show of party unity is necessary "to protect depositors and avoid monetary anxieties to achieve full-scale economic recovery, stabilize the monetary system and restore international confidence" in the Japanese financial system.

Sato proposed summoning former Prime Ministers Yasuhiro Nakasone, Noboru Takeshita and Toshiki Kaifu to testify at the Diet on the Jusen issue. They were in office when loans from the housing loan companies to real-estate agencies ballooned.

After the debates, SDP representatives approved a party report calling for use of public money to help liquidate the Jusen companies.

Sato also proposed fielding SDP's own candidates in the next House of Representatives elections to gain a stronger voice in the three-party coalition with Prime Minister Ryutaro Hashimoto's Liberal Democratic Party and New Party Sakigake led by former Finance Minister Masayoshi Takemura.

The SDP's Japanese name was changed in January from Nippon Shakaito, which can be translated as Japan Socialist Party, to Shakai Minshuto, or Social Democratic Party. The party had earlier changed its

English name in January 1991 from the Japan Socialist Party to the Social Democratic Party.

Murayama, who resigned as prime minister Jan. 11, reiterated that the SDP will try to gather Japan's "liberal forces" to create a new party.

The Diet has been stalled since Monday, when members of the main opposition Shinshinto (New Frontier Party) began picketing the lower house's budget committee room to oppose the *jusen* liquidation scheme.

Shinshinto is demanding the 685 billion yen appropriation be removed from the 75.1 trillion yen budget for fiscal 1996, which starts April 1.

Japan: SDP Fledges Early Passage of Budget at Convention

OW1003055296 Tokyo KYODO in English
0422 GMT 10 Mar 96

[FBIS Transcribed Text] Tokyo, March 10 KYODO — The Social Democratic Party (SDP), a partner in Japan's ruling coalition, renewed its pledge Sunday (10 March) for an early Diet passage of the fiscal 1996 budget, which includes a plan to liquidate seven failed housing loan companies with taxpayers' money.

On the last day of the SDP's two-day party convention, Kanju Sato, party general secretary, announced a statement of the Standing Executive Council, calling for early passage of budget bills and also for reforms of the financial system shaken by the mortgage loan *tseco*.

The party convention also approved an action program, which urges the final conclusion of a new party plan by the end of April, and an election strategy.

It was the first convention since the party changed its Japanese name and overhauled its policy lines in January to tone down its socialist profile.

Diet business remained paralyzed last week as the main opposition Shinshinto (New Frontier Party) physically blockaded the House of Representatives Budget Committee room to obstruct the passage of the budget bills.

The SDP leadership, led by former Prime Minister Tomiichi Murayama, faced harsh criticism by local members in the convention for its support of the controversial plan to liquidate the moribund "*jusen*" mortgage companies.

A delegate from a regional chapter said the party is only helping the Liberal Democratic Party (LDP), the SDP's partner in the ruling coalition that also includes New Party Sakigake (Harbingers).

The party should consider parting with the LDP before losing the people's support completely, the representative said.

Japan: Experts Discuss 'Jusen' Issue, Economy

OW1103060496 Tokyo EKONOMISUTO in Japanese
4 Mar 96 pp 48-53

[Discussion by economist/commentator Naoki Tanaka and Seichiro Saito, professor of economics at Rikkyo University, under the theme of "We Are Waiting for 'One-Fell-Swoop Remedial Actions' That Can Change Post-War System"]

[FBIS Translated Text] *Jusen* Issue Is A Sign That Problems With the Post-War Economic System Are Aggravating

[Saito] There are many ways to view the *jusen* [housing loan companies] problem. But, anyway, we can say this problem is unique. By "unique" I mean it is uniquely representative of the post-war Japanese system which makes it impossible to clarify where responsibilities lie.

It has become clear that the *jusen*'s main banks have not simply acted as lenders, but have actually been heavily involved in the management of the companies. The agricultural banks involved have come up with notes of understanding and memoranda of agreement which they had exchanged with the *jusen* even though it is doubtful if they are legally effective. The agricultural banks which have made such excessive loans cannot escape from their responsibilities as lenders whatever the Ministry of Finance's (MOF) or the main banks' words of assurance [suggesting them to be free of such responsibilities] might have been. Of course, the MOF and the Ministry of Agriculture, Forestry and Fisheries must shoulder a big share of the responsibilities. But, no doubt, the *jusen* themselves as directly involved parties and as borrowers are most responsible for all the problems.

The overall financial system of Japan or the whole society of Japan since the end of the world war has been known as a system of no responsibility — a system which does not make clear where responsibilities specifically lie and which makes all the people involved [in financial dealings] commonly responsible. To use a harsh expression, it is a system based on the mentality of *dango* [holding prior consultations as in bid rigging] and *motarai* [leaning on each other]. To use a moderate expression, it is a system of cooperative, mutually-relying and mutually-benefiting relationship called a mutually-rewarding relationship in the realm of cultural anthropology.

The reason the system has worked so far is because, most of all, the economy has been on the rise and because if there had been some failures, the failures could have been offset with savings that had been made elsewhere. But now, such offsetting cannot be done. There are no latent gains from rises in stock prices, and is no money left to spare. For the first time, the old system of commonly sharing responsibility system is not working, and now the government has no choice but to dip its hand into the pockets of the general public.

All the people involved [in financial dealings] have been accomplices. When they are all accomplices, it is impossible to identify specifically who are to blame. While their relationship since the end of the war has been that of mutual beneficiaries in general, this relationship has more recently developed into that of accomplices in a crime. I think the problem comes from the uniquely-Japanese system practiced since the end of the war.

[Tanaka] The *jusen* are doubly and triply peculiar. They are credit unions in the form of agricultural cooperatives. For some time after the war ended, the Japanese banks' main mission was to channel money collected from depositors to the industry or mostly to the group of businesses which had been firmly established. In those days, since demand and supply of funds were fulfilled within such a limited group, that system of lending and loaning money through the cooperatives worked well enough.

But now this initial role of the cooperatives as financiers is diminishing. Prices of land in the suburbs of major cities have shot up, and farmers have earned vast amounts of money by selling their farmland. But as there are no borrowers in the limited group to use such amounts of money, some 70 to 80 percent of money in the agricultural cooperatives remain uncirculated. What borrowers they have are those from outside the group. Actually, a quarter of century has passed since that condition started. Yet, no one has been able to perform surgery on the financial problems of the cooperatives. Hardly anyone would call these institutions banking institutions if he saw their deposit-to-borrowing rates.

Another point is the investors in the *jusen*. To look at the investors in the seven *jusen* companies, it is clear that they constitute a supply-side cartel. The Long-Term Trust Bank, the Nippon Trust and Banking Company, city and local banks, and some securities firms are their share holders. They are banking industry cooperatives, so to speak. Let's say the administration exercised some kind of regulation through the channel of these banking industry cooperatives. That is bound to make other banks think there must be some kind of benefits there.

They would come to suspect there could be some quasi-rent. There may be no ground to believe so, but they would come to think that there must be some good deals here and that they will lose something if they don't join them. So other banks which had not participated initially joined them as partners later on. These banks, after all, think a good way to make money is not to develop their own markets but to join frameworks created by government authorities and gain quasi-rent from it.

Then, the *jusen* should have seen the trend in other countries of banks moving away from the role of financing the industry to the role of serving general household customers, and the *jusen* should have seen the need to develop and establish new roles for the housing banks against the time when the banks in Japan start to move away from the industrial financing too. The banks are supposed to do that as a matter of business strategy. As it turned out, the banks soon started to change, saying the "household accounts were their main customers." But in the meantime, the *jusen* have not done anything and such institutions, once built, can not be dissolved easily. And the failure to dissolve them until now is costing Japanese society dearly.

Shifting Responsibilities Around

[Saito] The *jusen* were formed in 1971. Around that time Japan was at the peak of an economic boom, and the United States was in the Nixon shock. Later on, there was the oil crisis. As far as banking was concerned, it was going from a time of money shortage to that of a money surplus, and with the spot and futures market rapidly growing and with surplus money bulging, securities firms were growing into prominence. It was in 1970 that the securities firms started to issue stock at market prices.

At that time, the government town of Kasumigaseki with the MOF officials on its top, who are so proud of their ability to look ahead into the future, should have foreseen the big change in the times, and should have effected a major change in the administration by boldly changing its vision as it had done during the Meiji era or following the end of the war, and by changing the direction of the administration away from one for control toward one based on the market mechanism.

In the area of politics, the Liberal Democratic Party's post-war regime continued. In the area of administration, as noted above, the government was beginning to lose its farsightedness, spoiled by the sweet successes up until then. The bureaucrats were no longer able to look what their predecessors of a quarter century before could. All that they have done after that was to delay taking actions and leave problems unresolved. They

were gradualism followers. By and by they lost their sense of logic and sense of economic mechanisms. They were unable to see structural changes taking place in the economy and to look ahead into the future. As seen in the latest scandals in the MOF, they have completely lost their sense of morality as well. I feel the jusen debacle is the finale of all the failures of the past 25 years.

[Tanaka] What has become evident with more facts becoming known about the jusen is that the jusen were structured so that responsibilities rested where no one could be held responsible. When there were things they could not handle themselves because of limitations imposed by the share of investments, they then took these matters to themselves as intermediaries, not as investors. It was a case of Gresham's law — of bad money chasing out good money — applied on the banking service. They took in all the things good for them, but chased out all the things bad for them. The condition of bad money circulating around so fast as said in Gresham's law happened with the jusen.

[Saito] So far, things have worked well enough with all that. Since there were saved gains, failures could be offset with them. Consequently, they did not realize there were problems at root.

Public Financing Amount Wrong by One Digit

[Tanaka] If you take a look at international media reports on the jusen issue, you will see that what they are saying essentially is that finally the Japanese Government has become serious and that is noteworthy. Now, here comes this question of how much tax money needs to be used. When the figure was put at 685 billion yen initially or at a little more than 1 trillion yen including secondary losses, the news media raised questions about the number, saying that number is off by one digit. In one word, they said the number would be more like 12 trillion yen than 1.2 trillion yen.

The money the U.S. Government had to spend in resolving the problem of savings and loans associations [S&L] amounted to about 2 percent of the United States' GDP. Two percent of Japan's GDP would come to about Y10 trillion. But the problem of Japan's bad credit is more serious than that of the United States'. If the extent of fall in land prices is considered, the scale of jusen debt amortization will be larger than that for the S&Ls and there will be more banking institutions going bankrupt, the reports said. The U.S. and European news media think much larger tax money will be need to be used to address the jusen problem, and they are asking why Japan is talking about only 1.2 trillion yen and whether there is no part hidden from the public.

[Saito] The government erred in the timing to use its trump card of public funds. Obviously this came from their desire to protect the farmers rather than the depositors. At least they should not say they are protecting the depositors. The depositors are not asking for protection yet anyway. Nor is the banking system collapsing yet. The government should first do what it can by itself, and take actions on the banking institutions which are in jeopardy on bad debts. After having done all that, if it is the time to build a new banking system, only then the government should use that old trump card of public funds whether the amount involved was Y5 trillion or Y10 trillion.

If the timing for using the "old trump card" was correct and if the government frankly explained about the need to people, the people would be willing to pay their share of 10,000 yen or 20,000 yen per head. But right now, what the government is doing is tantamount to shifting blame on each other and then asking the people to bear burdens.

[Tanaka] We must have an agency which will monitor the market and banking institutions and then pass on third-party judgment. This agency must be able to take actions on defaulting firms and to order the business of these firms suspended. We must also have a framework which will help resolve the credit-debt problems of defaulted firms and will facilitate the legal liquidation process. There should be also a system to take care of the unresolved problems with depositors — by paying them from deposit insurance funds.

[Tanaka] In the United States, the system is so structured that if one part does not function, another part will take its place. Over the recent jusen issue, the Bank of Japan [BOJ] should be speaking up and be announcing its view. But, in fact, the BOJ appears to be heaving a sigh of relief that it itself has not been involved in the issue. The BOJ thinks it has escaped from the fire safely. But the BOJ, being in its neutral position, should have jumped into the fire to tell what should be done to put it out. In other words, there is no fail-safe system in Japan.

Japanese Society Is on the Decline

[Saito] The reason the banking system is now so shaky is because there is a big hole in the foundation of the economy. When the banking system is confused or not functioning properly, the people ask why the economy is so bad. I will give my answer to that question on the current problem. Right now, private banking institutions are holding a lot of bad real-estate collateral. The MOF says it wants to take care of it in the next five years. Some banks can resolve their problems in a year or

so, but there are 20 to 30 banks like the Hokkaido Takushoku Bank which say they cannot settle their problems well into the 21st century. Given this situation, the MOF says the banks should help each other and resolve the problems together in the course of next five years or so.

When I talked to the people in the real estate industry, they always said they cannot see when the land prices will hit the bottom. The problem of international competition might have something to do with it too, but the fact of the matter is that while this bad real-estate collateral is increasing pressure to sell land, there are no transactions of land in major cities at all. There is no market for land at present. Since all business firms have some land, as the land prices go on down further, their assets diminish in value and that works as a drag on their business operations.

There actually are more serious problems. Let's say a company manager had bought a 60-tsubo-floor-space house along a subway line in the suburbs of Tokyo for price of about 100 million yen. And let's say he used a loan of 70 million yen to buy it, and as he has since payed back 10 million yen from the loan, he now has 60 million yen left in debts to his bank. But such house now is worth only 50 million yen or about a half of what he had paid. And the price is continuing to fall. What all this tells is that many house owners now have such exorbitant debts to bear. In the situation where people have such exorbitant debts to bear, they refrain from consuming. Under such conditions, pay for workers will not rise and jobs will become no longer be secure.

The economy simply will not regain its vitality until the slide in land prices is stopped or at least until people can see the bottom of the land price fall. The banking institutions are not rejecting requests for loans, but they are busier trying to recover the loans than to give out new loans. In the banking industry, one cannot see the forward-looking willingness to support the future-oriented business managers who are trying to develop new projects, though that may be the primary function of the banking industry. As a result, there are no business firms or industrial sectors which are looking ahead into the 21st century. The consumers are looking down too. The economy must get out of the trap of asset deflation. The resolution of the bad debt problem will provide a breakthrough for it, but the problem remains unresolved and is dragging on.

[Tanaka] Soon after World War II ended, the economy was under enormous inflationary pressure, given the extremely poor condition of supply and the extremely great condition of demand. As a question arose as to whether economic measures to address the problem

should be drastic ones implemented in a short period or gradual ones carried out over a mid-term period. Views were divided into two — one in favor of filling the demand-supply gap in one-fell-swoop actions, though it can invite great deflation and cause some bankruptcies, and the other in favor of gradualism in actions. The view favoring the one-fell-swoop remedial actions was supported not only by the people of the occupying force but also by some Japanese people. What the people of this view said was that some people might be hurt by such actions but a new economic system can never be established without resorting to drastic actions and that Japan can never get out of the trap it is caught in if it dawdles and fails to take prompt action.

Now Japan is said to be so much better off and abundant than it was in those days, but there is no one talking about taking drastic remedial actions. Once serious studies and discussions start on taking drastic remedial actions, some land prices may fall further, but eventually the prices will settle down at a level where the people will find it commercially profitable to buy land once again, and this will create new demand for transactions of land.

The reason I am beginning to feel Japan may be on the decline in various aspects is because no one is suggesting one-fell-swoop remedial measures. It could be a sign of the deterioration of the power of this society. Right after the war, there were people in Japan who supported one-fell-swoop actions despite the extremely severe economic condition. Now Japan boasts of being the country with the largest balance of financial assets in the world, but there is no one talking about the need for drastic actions. Something appears to be amiss with this country.

[Saito] From that perspective, we cannot laugh off the MOF's "fondness for putting off" things that should be done. The ministry has done everything by the way of deferring things. Its way of doing things is do them gradually and gradually, and this MOF's way may be reflective of the way the Japanese people do things in general.

Concept of Writing off the Loss

[Tanaka] The concept of sunk costs has not taken root. There are some invested costs which cannot be recovered. Let's say a firm purchased machinery and building facilities to produce certain products, but it has become impossible for the firm to recover costs it invested because of collapse in demand and supply of the products involved. The firm finds its machinery unfit to be used in producing other items though the plant building may be usable. At that point, the firm should

decide to write off the investment in the machinery as lost, and get ready for a new business project. That is the sunk cost.

[Saito] It means taking the action of writing the invested money off the account book.

[Tanaka] The loss incurred should be amortized quickly, and new resources should be used in new ventures. There can always be miscalculations and mistakes in business investments. When it is determined that a certain business project is not going as expected and has no prospect for recovery, then the firm needs to stop that business. It has to lay off people, stop channeling money into it, and accept the loss as fait accompli.

[Saito] This involves the capability to switch and change. Since the end of the war, the people — administrators as well as businessmen — have become insensitive to risks. With stock prices and land prices continuing to rise, there has been no need to think about risks. Pay has kept on going up. If there were some losses in business, the losses could be offset and paid for with the help of economic growth. The banking institutions did not lose money no matter who they lent money to. Even if they had bad credit, inflation helped clear them off eventually. Maybe, everyone has lived in the special post-war risk-free time too long. Now for the first time in many years they have to deal with risks, but they are too scared to take bold action. They cannot take decisive action if they are not willing to take some risks. It can be said that we have become mentally risk-evasive.

[Tanaka] It pains me to talk about it. In bad economic times, we need to do better than before, taking risks if and where necessary. But reports have it that with the downturn in the economy, there are more young people seeking jobs in the bureaucracy than before. That depresses me and makes me think this nation may be on the decline.

To Live in the Age of Globalism

[Saito] It is often said that with the end of the Cold War, the world market has expanded from one with 1 billion customers to one with 4 billion customers. New developing countries and socialist countries have come into the market, and this is causing the relocation of jobs. Jobs in the United States, Europe and Japan are moving away into these countries. The relocation of jobs across the world is having a direct impact on developed countries. But despite that, the developed countries have achieved economic growth of about 3 percent per annum in the 1990's — with the exception of Japan, whose economic growth has been hovering around zero.

Americans have what can be called an animal spirit [preceding two words in English], the willingness to carry out frightful scale of restructuring and to venture into new areas of business. Meanwhile, Europeans now find themselves in an advantageous condition to expand their business and extend their markets [into East Europe]. But Japan is in such poor condition as discussed earlier, and while it is in that condition, jobs are flowing out of it. That is the current general situation of the world economy.

[Tanaka] When Japan is compared with China, the existing gap in income is absurdly big. Let's forget about the question of ethics. This big gap can never be explained by the science of economics. For instance, a bowl of ramen noodles of about the same volume and quality that is sold for 800 yen in Tokyo can be bought for less than 20 yen in China. How can that represent a gap in income? Looking from the other end, for a bowl of ramen noodle which can be bought at the price of 20 yen in China, you have to pay 800 yen in Tokyo. There is no way of explaining this. These prices should be readjusted somewhere in-between.

If we assume that the current globalism will continue, the existing gaps in wages, which cannot be explained by gaps in productivity, must be narrowed down. Actually the process of wage readjustment has started, and is underway through the transfer of jobs. It is useless even to talk or to complain about it now. But it does not necessarily mean that workers of China are coming to Japan. We are importing their labor through activities of exporting and importing commodities. We can be said to be importing land through trade as well.

[Saito] The world is developing into one big market.

[Tanaka] Japan which is importing land and labor cannot raise wages for its workers unless it can find some solution out of this problem. This is something we must admit clearly.

Our Hope in the Age of Great Division of Labor

[Saito] There are two views for interpreting the economy. According to Professor Takuji Shimano of Gakushuin University, Japan's economy is now losing its force because it is in the process of declining with even its potential growth power falling. It will gradually go into a state of reduced equilibrium. The unemployment rate will go up, and international competitiveness will drop, he said.

But we should note that the world is entering the age of the global division of labor for the first time in history. Certainly, employment in Japan is not growing now, but, on the other hand, newly specialized areas of industry,

in which other countries cannot compete with Japan, will grow, while the market for them will also grow.

I argued that the current situation should be viewed as a repeat of the industrial revolution that occurred 200 years ago and the revolution this time is of worldwide scale. To be sure, if Japan adheres only to what it already has, it will come to lose much of it in competition of the international market. But there are new areas Japan can be strong in. If Japan focuses on and succeed in its efforts on the new areas, its potential growth power can be bigger in the 21st century than it is now. That is what I said to him.

What is happening in the international market right now, as such, obviously has drawbacks for Japan. Jobs are being lost, and all kinds of products are coming in from overseas, thus bringing down the prices of local products along with them. But if the great international division of labor proceeds, Japan can benefit from it. If Japan makes most of the comparative advantage as noted by economist David Ricardo, its banking system can be normalized and stabilized. And as the banking institutions come to provide funds to future-oriented businesses, and as the businessmen come to have an animal spirit of their own to fight back, Japan's potential growth power, given the growing new business chances, can change by the time the 21st century arrives. I am optimistic about the future of the economy.

[Tanaka] So am I. Japan needs to narrow down its goals. Let's talk about consumer goods markets, and let's say an American business firm — Coca Cola, Kodak, or Motorola — compared markets of Japan and China to determine which is more profitable. The firm, no doubt, will find China's to be better. However hard the firm may study, it gets to the conclusion it cannot raise much profits in Japan, but certainly can in China. To think only about the real purchasing power and not about the currency value, many would agree China is a better market.

Japanese producers want to do their business in the Japanese market, and, consequently, they are not good at doing business in global markets. Meanwhile, the people selling their products across the world think differently. For instance, the people of Coca Cola Company think they can sell biggest volumes in China.

The given situation suggests big markets are shifting. But on the other hand, China's increasing real purchase power should mean increasing demand for capital resources there. Japan should also focus on what it can do best in this extended global market. Japan has knowhow — the knowhow used in producing hardware and software. The point is that we must take one-fell-swoop actions to restore vitality to our economy. Otherwise,

we cannot deal with the situations of the new era. In drawing a new picture of the future, we must admit that economic conditions have changed.

Let's Compile Record of Business Success Stories

[Saito] The business firms have run into confusion for the past five years. And when they came to their senses, they found the nation's economy caught in a trap of zero growth. I must say doing such things as saving on expenditures or cutting down on entertainment expenses will not do any good. I call that passive restructuring [preceding two words in English]. The businessmen should recognize the new economic conditions, and must take daring actions — by writing off poorly performing business projects, by starting new business projects, by taking business operations abroad, or by changing sources of material procurement to overseas. By acting boldly in getting away from the condition of the current economy, they should be able to find a breakthrough.

[Tanaka] An old American saying in the business world says: "Hear only the stories of the successes whether big or small." People who want to go into new business must learn from success stories. I think this old saying tells something very important to us. Success stories of companies, big or small, provide many lessons. We need to have a collection of success stories — success stories telling how some people made a success of their business and what we can learn from them. Business managers, academics and others involved in social science should participate in the job of collecting the stories.

And if they study these success stories, they will find something common in what the successful businessmen did: they all took one-fell-swoop actions. First, they changed their way of thinking in one fell swoop, and created new conditions for themselves, for instance, by amortizing what can be amortized in one fell swoop. It should be possible for any ordinary economists to prepare such collections of success stories, using commonly available media of information.

[Saito] One of the widely talked-about success stories concerns Nokia of Finland. The success of this company indeed came from recognizing the need of today. Nokia used to be a small manufacturer making paper and furniture in a remote village of Finland. The managers of the company came to discuss products which customers would want most and which the company would be able to make using the technology they had. They came to a conclusion that the products they should make were portable phones. They manufactured the phones and sold them in North Europe. The products sold well not

only in North Europe, but also in other areas of Europe. They brought the products to the United States, and soon their products beat Motorola's. Then, they came to Japan with the products.

The chairman of that company has said that whether a company is big or small is no question. The reason the company could have grown to a global company was because it was able to read the realities of the times. The global markets and local markets are interconnected. If a business firm does its best to make things that please customers in a local market, these things can be sold in the world markets as well. Indeed it does not matter whether the company is big or small. If a company can sell good products at good prices, markets are infinite. There are many similar success stories in Japan too.

[Tanaka] Somehow and by all means, we must, first of all, form a shared recognition [preceding two words in English] on ways to deal with the existing situations — before this century ends. In that context, the economists have an important mission.

Japan: Kaidanren Head Criticizes Plan To Rescue 'Jusen'

OW1103140896 Tokyo KYODO in English
1016 GMT 11 Mar 96

[FBIS Transcribed Text] Tokyo, March 11 KYODO — Shoichiro Toyoda, chairman of the powerful Federation of Economic Organizations (Kaidanren), was critical Monday [11 March] over his group's decision to cooperate with the government on extra measures designed to rescue seven bankrupt housing loan companies, known as "jusen."

The extra measures call for the founding banks of the loan companies and banking arms of agricultural cooperatives to carry out sweeping restructuring to boost their corporate tax payments to supplement 685 billion yen in tax money which is to be used to liquidate the mortgage lenders.

"It's not a good idea to link (taxes and profits made by financial institutions). There must have been a better idea," Toyoda told a news conference.

The measures were worked out by the government and banking institutions at meetings arranged by the Kaidanren.

The Kaidanren cooperated at the request of the government in hopes that the issue which has stalled proceedings in the Diet will be solved quickly, he said.

Toyoda criticized demands by the opposition Shinshinto (New Frontier Party) that the government drop the 685 billion yen disbursement for the liquidation of the loan

companies from the 1996 fiscal budget and call for a snap general election, saying such measures will have no favorable impact on the domestic economy.

Mongolia

Mongolia: Student Group Holds Anti-China Rally

OW0803145096 Tokyo KYODO in English
1440 GMT 8 Mar 96

[FBIS Transcribed Text] Ulaanbaatar, March 8 KYODO — About 300 students held a rally Friday [8 March] in Ulaanbaatar, protesting what they called Chinese repression of human rights in Inner Mongolia and urging Prime Minister Punsagiyn Jasray to call off his visit to Beijing expected later this year.

The students, belonging to the Mongolian Students Alliance, said they will stage a similar rally every Friday and collect opinions from citizens on relations with China.

Reports from the Inner Mongolia Autonomous Region have said pro-democracy leaders were detained last October for "antirevolutionary" and "separatist" moves, and a number of students protesting the detention were also taken into custody by Chinese authorities.

North Korea

DPRK Commentary Denounces U.S. 'Hostile Policy'

SK1103083996 Pyongyang Korean Central Broadcasting Network in Korean
1225 GMT 8 Mar 96

[Commentary by Kim Ho-sam: "They Must Stop Their Far-Fetched Assertions"]

[FBIS Translated Text] The United States continues to cling to a hostile policy toward our Republic. Noisily clamoring about the nonexistent threat of a southward invasion by us and the use of armed force, U.S. warmongers have recently been uttering the sophistry that because of this, the U.S. forces stationed in Japan cannot be withdrawn and the Japanese-U.S. Security Treaty should continue to be maintained.

One of the examples of this is that at a security consultative meeting between the Japanese and U.S. Governments held a few days ago, the U.S. representative said that because of the unstable situation on the Korean Peninsula and the possibility of a provocation from the North, the U.S. forces stationed in Japan cannot be reduced nor can the U.S. military bases on Okinawa be reduced.

This is an act that could be perpetrated only by the U.S. warmongers, who are fond of laying the blame

others. It is also a far-fetched assertion designed to justify their policy of aggression against Asia.

Lurking in such remarks by the U.S. representative is a wicked intention. In other words, it is aimed, above all things, at soothing the voices calling for the withdrawal of U.S. military bases that have been rapidly enhanced in Japan since soldiers of the U.S. imperialist aggression forces raped a Japanese schoolgirl on Okinawa last year.

As everyone knows, at the end of last year soldiers of the U.S. imperialist aggression forces on Okinawa gang raped in broad daylight a 12-year-old Japanese girl. Because of this, deep rooted anti-U.S. sentiment has burst out in Japan.

With this incident as a catalyst, a mass struggle calling for the withdrawal of the U.S. forces stationed in Japan and for the abolition of the Japan-U.S. Security Treaty has been vigorously waged. This has made it difficult for the United States to maintain its justification for keeping its military forces stationed in Japan. This is more so today when the Cold War system has collapsed and when, consequently, the excuse for the U.S. forces' presence in Japan to check a southward advance by the former Soviet Union has disappeared.

This being the case, what the United States has worked on is precisely the excuse of so-called instability on the Korean Peninsula. In other words, the United States says that it will remain in Japan because there is a possibility that we will stage an armed southward invasion. This is indeed nothing but a sophistry that is unacceptable to anyone in view of the present trend of the world, seeking detente and peace and in view of the situation prevailing on the Korean Peninsula.

Today, when the confrontation between the West and East has ended and the world is advancing toward detente and peace, there is no force whatsoever threatening the United States. Therefore, there is no reason whatsoever for U.S. military forces to stay in Japan. Furthermore, on the Korean Peninsula there is no threat of southward invasion from the North but only a threat of northward invasion from the South. It is not us but the United States itself that is creating instability on the Korean Peninsula.

The United States is dragging operational equipment, lethal weapons, and weapons of mass destruction into South Korea and is every day staging war exercises against us on the air, sea, and ground. The number of aerial espionage acts carried out by the United States against our area during February number as many as over 170. Because of this policy by the United States, DPRK-U.S. relations of belligerence have been further

intensified, and the situation is leading to the brink of war.

It is because of our patience and generosity that peace has been maintained on the Korean Peninsula. Recently, our Republic proposed that a tentative agreement be signed between the DPRK and the United States to eliminate the danger of armed conflict and war on the Korean Peninsula and to peacefully maintain the present state of cease-fire. This vividly shows how sincerely we are making efforts to prevent the danger of war on the Korean Peninsula and to ensure a durable and solid peace there.

Nevertheless, the United States is clamoring that we are attempting to wage a southward invasion and armed acts. This is indeed preposterous. The United States cannot cover up its real intent of making far-fetched assertions while laying the blame at our door. This is because the United States regards Japan as an important point of leverage in realizing its strategy toward Asia and the Pacific. The United States is attempting to maintain enormous armed forces of aggression in Japan to mobilize them in a war against us and, thus, to realize its aggressive aims.

The United States should clearly know that it cannot reverse black and white and mislead public opinion with smear propaganda. If it is interested in peace on the Korean Peninsula even to the slightest degree, the United States should renounce its smear propaganda and maneuvers for armed blackmail and should accept our tentative agreement proposal. If it continues to seek a war by regarding our Republic with hostility, as it is now doing, the United States will be further revealed to the world as a destroyer of peace and will receive greater condemnation and rejection from the world.

DPRK: U.S. Pretext for Military Presence in Japan 'Unacceptable'

SKD903042796 *Pyongyang KCNA in English*
0423 GMT 9 Mar 96

["NODONG SINMUN Says U.S. Pretexts for Military Presence in Japan Unacceptable" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 9 (KCNA) — The United States, instead of trying to maintain its military presence indefinitely in Japan with unacceptable pretexts, must withdraw its aggression forces and military bases from Japan and liquidate legacies of the Cold War on the Korean peninsula, urges NODONG SINMUN today.

In a commentary the daily says:

The U.S. has long based its military presence in Japan on its bellicose elements' allegations about "threat

from North Korea" and "its possible invasion of South Korea." But what the U.S. has sought in actuality is to take hold of its military bases in Japan, which are vital to its strategic interests in extensive areas from the Asia-Pacific region to the Middle East, and get the countries in the regions under its military control.

The U.S. intention is to hoodwink Japan into believing that the situation of the Korean peninsula remains strained due to "North Korea's threat" so that Japan may feel the "threat" and ask for U.S. troops remaining in Japan.

Continuing to use Japan as its forward base and servant for the execution of its strategy for dominating Asia is just what the U.S. wants.

The U.S. recently urged Japan to permit a joint use of the Japanese "Self-Defense Forces" (SDF) bases by U.S. troops to cope with a "contingency," claiming that it is necessary to take "countermeasures against possible invasion of South Korea by North Korea." All this goes to show that the U.S. aims to justify its military presence in Japan and, at the same time, see close military tieups between Japan and the South Korean puppets so that Japan's "SDF" may be sent to Korea in the framework of the three-way military alliance in case of a war in the peninsula.

DPRK: KPA Panmunjom Mission Memorandum Issued

*SK1103123096 Pyongyang Korean Central Broadcasting Network in Korean
0100 GMT 9 Mar 96*

["Memorandum" issued by the Panmunjom mission of the Korean People's Army on 8 March 1996 — read by announcer]

[FBIS Translated Text] The Panmunjom Mission of the Korean People's Army (KPA) issued the following memorandum in connection with the U.S. misleading public opinion — as if maintaining the outdated armistice agreement will contribute to security on the Korean Peninsula — instead of affirmatively responding to our expanded proposal for establishment of a new peace mechanism.

A Memorandum of the KPA Panmunjom Mission follows:

On 22 February, the DPRK Government advanced an expanded [chongaedoen] proposal for creating a new peace mechanism. This proposal was advanced in full consideration of the acute military confrontation on the Korean Peninsula and the current state of the armistice system. However, the United States, the real party con-

cerned in the Armistice Agreement, instead of affirmatively responding to our proposal, is misleading public opinion [yoronul odohago itta], maintaining that the outdated [nalgun] Armistice Agreement will contribute to guaranteeing security on the Korean Peninsula.

In connection with this, the Panmunjom mission of the Korean People's Army (KPA) issued a memorandum detailing the current state of the armistice system.

1. The current state of the Korean Armistice Agreement.

The Korean Armistice Agreement, which was signed on 27 July 1953, stipulated necessary measures to prevent the recurrence of hostilities and armed conflicts on the Korean Peninsula until such time as the Korean question is settled peacefully.

Strictly observing all the clauses of the Armistice Agreement was a prerequisite to ensuring peace and security on the Korean Peninsula and to peaceful settlement of the Korean question. Therefore, our side made consistent and sincere efforts to strictly observe the Armistice Agreement and convert the armistice into a concrete peace.

However, the U.S. side, as soon as it signed the Armistice Agreement, persistently attempted to abrogate it [kurul pagihagi wihae], and has abrogated the Armistice Agreement.

The U.S. side did not implement the clauses of the Armistice Agreement connected with the peaceful settlement of the Korean question. Paragraph 60 of the Armistice Agreement stipulates that within three months of the initiation of the armistice a political meeting of a higher level of the two sides shall be convened to discuss matters such as the withdrawal of all foreign troops from Korea and peaceful settlement of the Korean question.

On 28 July 1953, a day after the day when the Armistice Agreement was signed, Dulles, then-U.S. secretary of state, declared that the U.S. side would withdraw from the political meeting after the passage of 90 days. As Dulles said, the U.S. side laid an artificial obstacle to and ruptured the talks by unilaterally withdrawing from the preliminary talks for the convocation of a political meeting held in Panmunjom in October 1953 at the proposal of the government of our Republic.

Then the U.S. side frustrated the Geneva talks held in connection with the Korean question in April 1954.

Therefore, paragraph 60 of the Armistice Agreement remained a clause that cannot be implemented any longer, blocking the way to peaceful settlement of the

Korean question at the political meeting to be convened within three months of the signing of the Armistice Agreement, as envisaged at the time of the signing of the agreement, resulting in continuation of the state of armistice for 43 years.

Turning away from peaceful settlement of the Korean question, the U.S. side engaged in abrogating the clauses of the Armistice Agreement stipulating prohibition of the introduction of military equipment and operational materials.

Paragraph 13-D of the Armistice Agreement stipulates that the introduction into Korea of reinforcing combat aircraft, armored vehicles, weapons, and ammunition shall cease. This paragraph was a key clause to prevent the recurrence of war on the Korean Peninsula and ensure peace and security there. Hence, the U.S. side began in the first place to abrogate this clause of the Armistice Agreement, and illegally introduced enormous quantities of operational materials into South Korea in violation of the requirements of this clause.

The U.S. side prepared false reports, reducing the quantities of operational materials introduced into South Korea to an amount far less than what was actually introduced and submitted this information to the Neutral Nations Supervisory Commission [NNSC]; but later the U.S. even stopped submitting the reports.

Also, the U.S. side introduced large amounts of military equipment in the form of spare parts or accessories by disassembling them in order to avoid surveillance by the Neutral Nations Inspection Teams. According to reports submitted by the Neutral Nations Pusan Inspection Team and Kunsan Inspection Team to the Neutral Nations Supervisory Commission at that time, the U.S. side introduced into South Korea through Kunsan port 38 B-26 operational airplanes on 20 July 1953 and 106 mortars on 31 July 1953 in the disassembled form under the name of post exchange supplies.

The U.S. military equipment revealed by the Neutral Nations Inspection Teams to have been illegally introduced into South Korea during the period from the day of the armistice to 15 April 1954 alone included 177 operational airplanes, 465 artillery pieces of various calibers, 6,400 rockets, 145 mortars, and 1,365 machine-guns.

The U.S. side, which flagrantly violated the Armistice Agreement in this way, unilaterally abrogated Paragraph 13d of the Armistice Agreement at the 75th Military Armistice Commission [MAC] meeting held on 21 June 1957 and declared that it would no longer submit the reports on replacing operational materials.

After that, the U.S. side officially informed Syngman Rhee of the beginning of the supply of new types of weapons to South Korea and started to openly introduce various new kinds of weapons, including atomic and guided weapons, into South Korea to turn it into a nuclear base.

In many meetings, including the 75th MAC meeting, our side strongly stressed that no paragraph of the Armistice Agreement can be unilaterally abrogated and demanded to the U.S. side that its unreasonable decision be withdrawn and that reports on replacing operational materials be submitted.

At eight meetings, including its 316th meeting held on 25 June 1957, the Neutral Nations Supervisory Commission discussed this problem and confirmed that the unilateral abrogation by the U.S. side of paragraph 13d of the Armistice Agreement was a flagrant violation of the Armistice Agreement.

However, the U.S. side did not withdraw its unwarranted position. Proceeding from a position of implementing the Armistice Agreement, our side submitted, without fail, reports on replacing operational materials to the MAC and the Neutral Nations Supervisory Commission until the day the U.S. side completely paralyzed the armistice organization's normal activities by illegally replacing its senior member with a South Korean puppet army general officer.

Why did the U.S. side unilaterally abrogate Paragraph 13d? The U.S. side itself confessed this. Before a public hearing of the U.S. House Appropriations Committee on 27 February 1960, the then- chief of staff of the U.S. Army [name indistinct] confessed that the U.S. was successful in abrogating Paragraph 13d of the Armistice Agreement as a result of its efforts for several years and consequently was able to introduce new equipment.

That today South Korea has been turned into a U.S. overseas military base, a nuclear base, the largest in the world, stems from the abrogation by the U.S. side of key paragraphs in the Armistice Agreement.

Of the five articles and 63 paragraphs of the Armistice Agreement, paragraph 12 and paragraphs 14 through 17 of Article II on concrete arrangements for a cease-fire and armistice, paragraphs 51 through 59 of Article III on arrangements relating to prisoners of war, paragraph 13 of Article II which describes the banning of introduction of operational materials, paragraphs 19 through 35 of Article II which relate to the composition of the Neutral Nations Supervisory Commission and its function and authority, and paragraphs 36 through 50 of Article II have been abrogated by the U.S. side. Article III has already been implemented.

The paragraphs which remain are only nine paragraphs included in Article I, which relates to the military demarcation line and the demilitarized zone. Even these paragraphs remain as a mere record and do not play their role.

From a scientific viewpoint, if a substance involves elements different from its inherent elements, it is impossible for it to exist as the original object.

The Armistice Agreement, more than two-thirds of which is destroyed, has been reduced to a blank piece of paper useless for ensuring peace on the Korean Peninsula.

2. The Present Status of Armistice Supervisory Organizations

The armistice supervisory organizations are assigned the mission of implementing the Armistice Agreement.

The MAC's basic mission is to discuss and dispose of cases of violations of the Armistice Agreement provided by the pertinent paragraphs of the Armistice Agreement.

The U.S. side has completely paralyzed the MAC. From the first days of the formation of the MAC, the U.S. side has made every conceivable effort to paralyze its functions during the 192nd, 194th, 198th, 199th, and 213th MAC meetings. Furthermore, the U.S. side has insisted on convocation of regular meetings and extraordinary meetings, which are not specified in the Korean Armistice Agreement, and went the length of arguing that the number of meetings of the MAC be reduced to once in six months and meetings of chief secretaries to once a month. As a consequence, cases of violations of the armistice failed to be handled promptly.

Furthermore, the U.S. side, ignoring the demand specified in Paragraph 31 of the Armistice Agreement that one side should attend a conference on twenty-four hour notice by the senior member of the other side, delayed the 285th MAC meeting by 15 days; the 313th meeting by 12 days; the 395th meeting by 16 days; the 318th meeting by 18 days; the 319th meeting by 14 days; the 326th meeting by 11 days; the 327th meeting by 15 days; the 328th meeting by 19 days; and the 331st meeting by 13 days. Thus, the U.S. side failed to appear in time at conferences called by us.

In particular, whenever the U.S. side was pressed into the embarrassing position of being called to account by our side for acts of violating the Armistice Agreement during the 224th MAC meeting, the 289th meeting, and 303rd meeting, the U.S. side showed a film showing the streets of Seoul, which has nothing to do with implementation of the Armistice Agreement, and thus

hindered smooth discussions of questions raised^a in various ways.

When the U.S. side was driven into a corner during these meetings, with its criminal acts exposed, the U.S. side unilaterally walked out of the conference room and aborted the discussions of raised issues. Moreover, the U.S. side claimed that instead of holding a MAC meeting and chief secretaries' conference, cases of violations of the agreement should be handled by means of information through telephone notes and documents.

During conferences of the joint inspection teams held on 8 August 1962 and on 3 September 1963, the U.S. side opposed the dispatching of a joint inspection team to investigate the case of violation of the Armistice Agreement, which occurred in the DMZ, in accordance with Paragraphs 26 and 27 of the Armistice Agreement, and intentionally disturbed the proceedings of joint investigations on the spot of the incident, thus unilaterally rupturing the conferences.

The U.S. side hindered activities of the joint inspection teams in every way. Concerning the grave incident of the bestial massacre of our side's civil policeman by U.S. soldiers, the U.S. side refused to forward the report on the conference of the second team of the joint surveillance teams held on 6 April 1967 to the MAC pursuant to the demands of the Armistice Agreement. Thus, the U.S. side completely suspended activities of the joint surveillance teams.

On 25 March 1991, the U.S. side, which systematically destroyed the functions and role of the armistice surveillance organizations, nominated a general of the South Korean puppet army, who is not entitled and has no such rights, as a senior member of the UN Forces side to the MAC. Thus, the U.S. side completely paralyzed the MAC.

South Korea, which persistently opposed conclusion of the Armistice Agreement itself, has not recognized the existence of the Armistice Agreement, nor is it a party to the Armistice Agreement. Furthermore, South Korea is not a member of the UN Forces. This being the case, it is clear to every one that South Korea cannot represent the MAC.

The U.S. side also intentionally destroyed the NNSC.

The mission of the NNSC, according to Paragraph 41 of the Armistice Agreement, is to carry out functions of supervision, observation, inspection, and investigation, as stipulated in sub-paragraphs 13c and 13d and Paragraph 28 of the Armistice Agreement, and to report the results to the MAC. However, the U.S. side interfered with the NNSC in its activities in every possible way and tenaciously maneuvered to destroy the commission

because the commission was an obstacle to the U.S. maneuver for an arms buildup.

The U.S. side interfered in every way with the NNSC inspection teams, which were stationed at the ports of entry in Incheon, Taegu, Kangnung, Pusan, and Kunsan with a mission to supervise and inspect the reinforcement of operational planes, armored cars, weapons, and ammunition in Korea, according to Paragraph 43 of the Armistice Agreement. Eventually, the U.S. side coercively expelled the teams.

At the 41st MAC meeting held on 20 April, 1954, Major General (Lehit), senior member of the UN Forces, openly declared that the UN Forces would not allow the NNSC inspection teams on board any ship for inspection. In January 1956, the U.S. side stated that it could not accept inspections under normal conditions for security reasons, and that it would only accept inspections by a helicopter 100-feet above the ship, thus presenting an artificial obstacle to the inspection activities of the inspection teams. On 6 August 1955, the U.S. side made the Syngman Rhee puppet clique threaten the members of the NNSC inspection teams and organize demonstrations demanding disbandment of the inspection teams at the ports of entry where members of the NNSC inspection teams were stationed, and mobilized mobs to assault the inspection teams' lodgings in Pusan, Incheon, Taegu, and Kunsan.

On 5 August, 1955, the United States made the South Korean authorities send an ultimatum demanding that the NNSC withdraw from South Korea before 2400 on 13 August 1955 at the latest. On 10 January 1956, the U.S. side deliberately made up a car accident in [word indistinct] zone of the MAC, brutally killing Senior Colonel (Ole Erickson) of the Swedish delegation the NNSC. At the 70th MAC meeting held on 31 May 1956, the U.S. side disregarded paragraphs 61 and 62 of Article V of the Armistice Agreement, and notified the NNSC of its declaration that it all NNSC inspection team members must withdraw from the South-side ports of entry within one week. On 9 June 1956, NNSC inspection team members who conducted their activities in the South-side ports of entry, were all coercively expelled. Thus, the NNSC was unable to carry out its mission stipulated in Paragraph 41 of the Armistice Agreement, and the commission's functions were paralyzed.

Finally, the U.S. side viciously maneuvered to use the NNSC delegations stationed in Panmunjom for its military and political goals. The U.S. side invited members of the NNSC delegates to the Team Spirit joint military exercise, which is an exercise against us, thus

destroying the commission's neutrality and impartiality, which is the basis of NNSC activities.

3. Our Efforts To Cope With the Paralyzed Armistice System

The U.S. side's actions destroying the NNSC brought about a dangerous vacuum on the Korean Peninsula in terms of security.

To fill the vacuum, we made a practical proposal and patiently exerted efforts to implement the proposal. In order to maintain the NNSC by all means and restore the paralyzed functions, the first meeting of the Eighth Supreme People's Assembly adopted a step-by-step arms reduction proposal on 30 December 1986, and the Republic Government presented the proposal on 23 July 1987. The proposal raised the issues of enhancing the authority of the NNSC, inviting the NNSC to the armistice projects for arms reduction on the Korean Peninsula, and organizing neutral nations' inspection troops to be stationed in the DMZ.

To implement the proposal, for more than five years we asked the United States and concerned parties to come forward to negotiations. However, the U.S. side did not respond to our proposal. Under this situation, on 28 April 1994 the DPRK Government made an epochal proposal to replace the old armistice mechanism with a new peace mechanism. In accordance with the proposal, our side summoned all members of the MAC to create an atmosphere for preparing a new institutional mechanism, and established the KPA Panmunjom Mission to fill the vacuum.

According to the agreement between the Governments of the PRC and DPRK, the PRC Government summoned the Chinese People's Volunteers delegation from Panmunjom in December 1994. After the KPA delegation, on which the Polish delegation to the NNSC (?relied), withdrew from the MAC, the DPRK Government asked the Polish Government to summon its delegation. The Polish Government withdrew its delegation to the NNSC from Panmunjom in February 1995.

At our side's strong request, and under pressure from world opinion, the United States agreed to hold DPRK-U.S. military talks in Panmunjom in May 1995 and to discuss issues that would ensure peace.

As a result, working-level contacts took place in Panmunjom to hold general-level talks, and some progress was achieved. However, the United States broke off [kyollyolsikyotta] these working-level talks on 5 September.

As a result of the destruction [pagoe] of the Armistice Agreement and the armistice surveillance organizations,

the Korean Peninsula has no military braking system [kumsajok chedong changchi] for (ensuring the armistice).

If an irrevocable and unforeseen accident [manhoehal-suomaun tolbal satae] occurs due to this vacuum, the United States should bear responsibility for this.

The United States, a party hostile to us [kyojon ilbang], deploys modern weapons and operational equipment in South Korea and conducts large war exercises against us almost daily. It is not difficult to imagine what grave consequences a small misunderstanding [sasohan ohaega] between the two sides will bring about under these circumstances.

The United States has not made an affirmative response to our magnanimous proposal, which expanded [chong-gaehan] the issue of building a new peace mechanism. The United States must not miscalculate our proposal for negotiations as an act of begging for peace.

The United States is not the only party that has the right to choose. If the United States stalls for time without accepting our proposal for negotiations, we will take a final and active measure [choejongjogigo chudongjogin chochi] to replace the outdated armistice system with a new mechanism.

[Dated] 8 March 1996, Kaesong

DPRK: KPA Panmunjom Mission Urges U.S. To Accept New Peace Plan

SKD903085696 Pyongyang KCNA in English
0840 GMT 9 Mar 96

["KPA Panmunjom Mission's Memorandum on Korean Armistice System" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 9 (KCNA) — The Panmunjom mission of the Korean People's Army made public a memorandum on March 8 disclosing the real state of the Korean Armistice System in connection with the fact that the United States, far from showing an affirmative response to the DPRK's new proposal for establishing a peace mechanism, is spreading rumours that the preservation of the outdated armistice agreement will contribute to the security on the Korean Peninsula.

The United States is signatory to the Korean Armistice Agreement.

Included in the Korean Armistice Agreement signed on July 27, 1953 were necessary measures to prevent the recurrence of hostilities and armed conflicts on the Korean Peninsula until the Korean question is solved in a peaceful way.

Recalling that the DPRK has consistently made sincere efforts to turn the armistice into a lasting peace, strictly observing the armistice agreement, the memorandum cited materials to prove that the United States has tried to break it.

It said:

The U.S. side refused to implement paragraphs of the agreement on peaceful solution to the Korean question. It went the length of scrapping paragraphs prohibiting introduction of military equipment and combat materials.

It brought preliminary talks to a rupture, thus making it impossible to implement paragraph 60 stipulating that, within three months after the armistice agreement is signed, a political conference of a higher level of both sides be held to settle through negotiation the questions of the withdrawal of all foreign forces from Korea, the peaceful settlement of the Korean question, etc.

It also torpedoed the Geneva meeting on the Korean question in April 1954.

It illegally introduced huge combat materials into South Korea in wanton violation of subparagraph 13 D of the agreement.

Many of 63 paragraphs of five articles of the agreement including those on composition of the Military Armistice Commission (MAC) and its functions and authority were torn up by the U.S. side.

What remain unscrapped are nine paragraphs included in article I (Military Demarcation Line and Demilitarized Zone).

These paragraphs are also reduced to ones which are only recorded in the agreement and, in actuality, they play no effective role. As a result, the armistice agreement has become a mere sheet of paper which is useless in preserving peace on the Korean Peninsula.

From the first days of the formation of the Military Armistice Commission, the U.S. side has made every conceivable effort to paralyze its function; at meetings of the Military Armistice Commission, it called for convening "regular meetings" and "extraordinary meetings" which was not specified in the agreement and went the length of arguing that the number of meetings of the MAC be reduced to once in six months and meetings of chief secretaries to once a month. As a consequence, cases of violations of the armistice failed to be handled promptly.

Whenever they found themselves in a tight corner at meetings for their criminal acts, the U.S. side

unilaterally withdrew from the conference room only to rupture discussions on issues raised.

To make matter worse, they claimed that cases of violations of the agreement should be handled by means of information through telephone notes and documents.

It had destroyed the function and role of the armistice supervisory tool in a systematic way before it appointed on March 25, 1991, a general of the South Korean puppet army as "senior member of the UN Forces side" to the MAC, a man who had no qualification and competence. As a result, the MAC has been completely paralyzed.

The U.S. side hindered activities of the Neutral Nations Supervisory Commission for the mere reason that it was a factor obstructing its arms buildup and tenaciously maneuvered to make it dissolved.

In addition, it resorted to vicious moves to abuse delegations of the Neutral Nations Supervisory Commission for its military and political purpose.

With the breakdown of the armistice agreement and the armistice supervisory tool, the Korean Peninsula has no military deterrent the mission of which it is to guarantee the armistice.

On April 28, 1994, the Government of the DPRK put forward an epochal proposal to replace the old armistice system with a new peace one. It installed the Panmunjom mission of the KPA in accordance with the proposal.

In conclusion, the memorandum said:

The U.S. has not yet showed any affirmative response to the DPRK's magnanimous proposal for establishing a new peace mechanism.

It must not mistake this offer for one begging for peace.

Option does not belong only to the United States.

We will take a final and active measure to replace the old armistice system with a new device in case the U.S. loiters away time, refusing to accede to our proposal for negotiation.

DPRK Paper: Team Spirit 'Should Be Stopped for Good'

SK1003065496 Pyongyang KCNA in English
0624 GMT 10 Mar 96

['Team Spirit Replaced With Other Exercises' — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 10 (KCNA) — The joint military exercises Team Spirit should be stopped for good in actuality, beyond words, and its

termination should lead to the discontinuation of all military manoeuvres aimed at stifling the Democratic People's Republic of Korea by force of arms, says NODONG SINMUN today.

Recently, the United States and the South Korean rulers announced that they would not stage the Team Spirit this year, either. In this regard, the South Korean rulers are claiming as though it is a "drastic step" they have taken to relax the situation of the Korean peninsula.

Commenting on the fact, the daily says:

The puppets, however, stated that they would stage other military trainings with the U.S. or by themselves this year. This means that they would resume the Team Spirit.

If other drills similar to the suspended Team Spirit are held, the discontinuation of the joint exercises would be meaningless.

Nevertheless, the puppets are advertising the suspension of the Team Spirit in the hope of deceiving the people into believing that they are interested in the peace of the country and the security of the nation and starting a criminal war against the North when an opportunity presents itself.

If another war breaks out in the Korean peninsula, it will bring nothing good to anyone. The U.S. and the South Korean rulers must promptly stop all the manoeuvres, the continuation of the Team Spirit.

The U.S. must accept our proposal for the conclusion of a tentative agreement and stop encouraging the South Korean rulers to reckless military exercises against the north.

The warmaniacs must act with discretion.

DPRK: ROK Reportedly Stages 'War Exercises' 6, 8 Mar

SK1003064296 Pyongyang KCNA in English
0614 GMT 10 Mar 96

[FBIS Transcribed Text] Pyongyang, March 10 (KCNA) — The South Korean puppets frantically staged war exercises against the North in the forefront area, military sources said.

A heavy tank group and an armoured car group fired shells in the central and western sectors of the front on March 6 and 8.

On the 8th the puppets launched an airlift operation exercise aimed at infiltrating into in-depth of the North in the sky above Paju County.

Puppet army soldiers threatened the North side by firing over 350 shells and 4,800 bullets with large-calibre machine-guns and automatic rifles in the eastern, central and western sectors of the front from March 6 to 8.

DPRK: 'Ridiculous' Utterances About Threat From DPRK Noted

SK0903025896 *Pyongyang KCNA in English*
0251 GMT 9 Mar 96

["Rigmarole of Political Ignoramus" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, March 9 (KCNA)* — The traitor Kim Yong-sam called the new puppet Air Force Chief of Staff, Yi Kwang-hak, to Chong-wadai [presidential offices] on March 7 and ordered him to make a "perfect security preparedness to cope with provocations by the North," a Seoul-based radio reported.

His utterances are a ridiculous one to justify the North-targeted war exercises of the South Korean puppets under the pretext of "provocations by the North."

Unending war exercises of the Kim Yong-sam group are daily increasing the danger of war on the Korean peninsula.

What they seek in clamouring about "provocations by the North" is to divert elsewhere the attention of South Korean people who are daringly fighting for the overthrow of the "civilian government", obtain more votes at the forthcoming puppet National Assembly election and thus bridge over the worst crisis of their "government."

However, this is nothing but a daydream of those who are lacking in foresight.

No matter what plots the Kim Yong-sam group may frame, describing the North as "provocateur", they cannot extricate themselves from the abyss of ruin.

DPRK Daily on ROK 'False Propaganda' About DPRK Threat

SK1103040696 *Pyongyang KCNA in English*
0347 GMT 11 Mar 96

["NODONG SINMUN on Kim Yong-sam's Outcry About Threat From North" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, March 11 (KCNA)* — The traitor Kim Yong-sam recently called for a "perfect security posture" to cope with "unpredictable provocation by the North."

Commenting on this today, an analyst of NODONG SINMUN says:

No one with reason will lend an ear to this false propaganda of the puppets.

It is they who watch for a chance of invasion and grind the axe to stifle fellow Koreans with the help of outside forces.

The traitorous Kim Yong-sam group resort to extremely hysteric activities for war against the North in an attempt to find a way out of the crisis caused by their involvement in the slush fund scandal in a reckless showdown with and war moves against the DPRK.

The puppets bereft of reason may ignite the train of war against the North any moment.

We are sharply watching the acts of the bellicose Kim Yong-sam group and are in full preparedness to smash enemy invasion at one stroke.

The Kim Yong-sam group must know that the more they resort to false propaganda about "military threat from the North," the bolder relief their anti-national, anti-peace bellicose nature will be brought into.

DPRK: CPRF Accuses ROK of Suppressing Workers, Unions

SK0803033996 *Pyongyang KCNA in English*
0257 GMT 8 Mar 96

[FBIS Transcribed Text] *Pyongyang, March 8 (KCNA)* — The secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] released Information No. 705 on Thursday accusing the Kim Yong-sam group of South Korea of harshly suppressing workers and their democratic unions in their struggle for vital rights.

The Kim Yong-sam group are going to penalize the senior vice chairman of the General Federation of Democratic Trade Unions (Mir-rochong), Yang Kyu-hon, on grounds that he recently called solidarity strikes of trade unions. They have already issued arrest warrants for some 20 leaders of the labor movement.

The information said:

They are brutally cracking down on the workers' righteous struggle for their vital rights and freedom of trade union activities, describing it as an "illegal act" and "danger to public security". Their fascist suppression clearly shows that they are truculent "civilian" fascist dictators.

With the "National Assembly election" drawing near, they are resorting to harsh suppression on the one hand and are crying for "liquidating the past wrongdoings" and "setting the modern history straight" on the other hand in the hope of taking the edge off the anti-Kim

Yong-sam, anti-"New Korea Party" struggle of South Korean people and winning popularity. With no means and method, however, can they take themselves off the hook.

DPRK Daily on Imperialists' 'Arbitrariness' Through Information

SK1103035796 *Pyongyang KCNA in English*
0341 GMT 11 Mar 96

["NODONG SINMUN on Arbitrariness of Imperialists in Information Sector" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 11 (KCNA) — NODONG SINMUN Sunday carried a signed article on the arbitrariness of the imperialists in the information sector. Under the present international information order independence of the progressive people in the world cannot be defended and the principle of justice cannot be applied in international relations, the newspaper said, and continued:

Under the pretext of "liberalization of information" the imperialists are repressing just voices of people, misleading public opinion, making false reports, whitewashing anti-popular capitalist society, and inciting aggression and war.

They are using information as means to lay ideological foundations of their aggression, war, subordination and plunder on the basis of monopolized information media.

They are numbing people's ideological consciousness of independence and revolutionary fighting will and infusing slavish submission by reporting the praises of tragedy, lary, degeneration, enervation and submission for curiosity and amusement.

The Western press media keep mum about the miserable living of the working people but advertise for "prosperity" in capitalist society to spread illusion about capitalism.

They implant wrong view of other countries and ethnic prejudice in the mind of people, frame up incidents and interfere in internal affairs of other countries.

The arbitrariness of the imperialists through information — propaganda for argument about "threat from the DPRK" and interference in internal affairs of developing countries through false reports — are reaching the extremes.

DPRK Foreign Ministry Views Bombings in Israel
SK1103102296 *Pyongyang KCNA in English*
0958 GMT 11 Mar 96

["Foreign Ministry Spokesman on Bomb Attacks in Israel" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 11 (KCNA) — A spokesman for the Foreign Ministry of the Democratic People's Republic of Korea was interviewed by KCNA today over a series of bomb attacks in Israel.

He told KCNA:

We deeply regret that several bomb attacks took place in Israel recently, claiming many casualties.

Opposing all forms of terrorism is our consistent position.

The incidents have sparked deep public concern because they have rendered the situation of the region strained and adversely affected the Mideast peace process.

What is the point is to remove the things that may cause terrorism.

Only when Israel withdraws from the occupied Arab territory and the legitimate rights of the Palestinian people are ensured, can a fair peace and stability be achieved in the Middle East.

DPRK: Further on Arrival of Syrian Grain Aid
SK0903001096 *Pyongyang Korean Central Broadcasting Network in Korean*
1300 GMT 7 Mar 96

[FBIS Translated Text] While the projects to repair the damage caused by the floods are being briskly carried out in various areas of our country under the wise guidance of the great leader [widaehan yongdoja] Comrade Kim Chong-il, the 20,000 tons of wheat and 20,000 tons of barley sent by the Syrian Government, worth \$9 million, arrived at Nampo Port on 26 January and 6 March, respectively.

With this, all relief goods pledged by the Syrian Government to Korea have arrived.

DPRK Vice Premier Chang Chol Meets Nigerian Delegation
SK0703120096 *Pyongyang KCNA in English*
1036 GMT 7 Mar 96

[FBIS Transcribed Text] Pyongyang, March 7 (KCNA) — Chang Chol, vice-premier and minister of culture and art, met and had a friendly talk with the government delegation of Nigeria led by Walter Ofonagoro, minister

of information and culture, at the Masauda Assembly Hall today.

Present were officials concerned and J.C. Eziaghighala, charge d'affaires ad interim of the Nigerian Embassy here.

DPRK: Report on Student Protests Denied
SK1103104296 Pyongyang KCNA in English
 1020 GMT 11 Mar 96

["SANKEI SHIMBUN Denounced" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 11 (KCNA) — The Japanese SANKEI SHIMBUN on March 9 carried a false report quoting a South Korean intelligence source that some 200 students in Chongjin, northern port city of Korea, staged an "anti-government demonstration" and the DPRK was on "full alert."

This false report was a shriek [as received] of the South Korean puppets, struck with fear to see that the determination of our youths and students to become rifles and bombs for resolutely safeguarding the party and the leader has increased as never before and the great singlehearted unity of our society has been consolidated still further.

It is well known that the South Korean puppets have invented such rumours one after another to bridge over their worst ruling crisis and divert elsewhere the attention of the people and students who have risen up against Kim Yong-sam.

SANKEI SHIMBUN reporters must have known about this.

However, they joined the South Korean puppets again in the anti-DPRK smear campaign and thus marred the image of the Japanese press and fully revealed again that they are a group of hack writers bribed by the puppets.

SANKEI SHIMBUN betrayed the noble mission and conscience of the press again for a few pennies from the South Korean puppets.

It must not run riot.

Already last year, we warned it not to play a political servant for the South Korean puppets when it carried a report about "the exaggeration of flood damage" in the DPRK, playing into their hands.

It should have pondered over our warnings. But it committed double crimes by conspiring with the South Korean puppets in their trick.

If it continues a dastardly anti-DPRK campaign in defiance of our repeated warnings, it will pay dearly for it.

The youths and students of the DPRK who love and value justice and truth will never pardon SANKEI SHIMBUN.

DPRK: Pak Song-chol Attends Meeting of Stock Breeders

SK0803031996 Pyongyang KCNA in English
 0238 GMT 8 Mar 96

[FBIS Transcribed Text] Pyongyang, March 8 (KCNA) — A national meeting of active stock breeders took place here on March 6 and 7.

Present there were Pak Song-chol, Politburo member of the Central Committee of the Workers' Party of Korea and vice-president of the DPRK, other party and government cadres as well as officials and innovators of the stockbreeding sector.

The meeting summed up the achievements and experience in the production of live stock products true to the stockbreeding policy of the Workers' Party of Korea last year and discussed the issue to contribute to improving the people's living standard through a more powerful stockbreeding work to suit the requirement of the developing reality.

Kim Won-chin, chairman of the State Agricultural Commission, made a report, which was followed by speeches of scores of persons.

They said that the great leader President Kim Il-sung clearly indicated how the stockbreeding industry of the country should be developed in each period and at each stage of the revolution, and wisely led the efforts for its realization.

They noted that the great leader Comrade Kim Chong-il has always paid deep attention to the development of the stockbreeding industry, concretely indicated how to increase the production of livestock products and took revolutionary steps to powerfully launch this work.

Pointing out that the material and technological foundations of the stockbreeding sector have been strengthened and the stock breeding system and feed production centres have been firmly built to increase the production under the wise guidance of the party and the leader, they stressed the need to effect a new turn in the production of livestock products while consolidating the already made achievements.

A letter of pledge to Comrade Kim Chong-il was adopted at the meeting.

DPRK: Yi Chon-ok Meets New Croatian Ambassador

SK0703120196 *Pyongyang KCNA in English*
1038 GMT 7 Mar 96

[FBIS Transcribed Text] Pyongyang, March 7 (KCNA) — Branimir Stenja, new Croatian ambassador E.P. [extraordinary plenipotentiary] to the DPRK, presented his credentials to Yi Chong-ok, vice-president of the Democratic People's Republic of Korea, at the Mansudae Assembly Hall today.

After receiving the credentials, the vice-president conversed with the ambassador.

South Korea

ROK, U.S. Agree Current Missile Memorandum To Remain in Effect

SK0803104396 *Seoul SEOUL SINMUN in Korean*
8 Mar 96 p 2

[By reporter Yi To-un]

[FBIS Translated Text] It was learned on 7 March that the ROK and the United States have canceled their original plan to abolish the ROK-U.S. missile memorandum, "an agreement between the ROK and the United States limiting the development of ground-to-ground missiles" which limits the ROK from developing missiles that have a range of over 180km.

Therefore, even though this year the ROK is joining the Missile Technology Control Regime [MTCR], which limits the export of missiles with a range of over 300km, it will continue to be restricted from developing missiles that have a range of over 180km in accordance with the ROK-U.S. memorandum.

A government official revealed that this decision by the ROK and the United States stems from a strategy of limiting missile development throughout the Korean Peninsula because the United States faces upcoming missile negotiations with North Korea in April.

According to this agreement, the ROK and the United States indefinitely postponed the second round of ROK-U.S. missile negotiations originally planned for February. Therefore, in reality, the current ROK-U.S. missile memorandum continues to have validity.

This policy by the two countries was decided upon when a report came out from a Russian military official that in 1993 North Korea operationally deployed the Nodong No. 1 missile, which has a range of over 1,000km, and that it plans to deploy for actual warfare the Taepodong No. 2, which has a range of 9,600km, by the year 2000. This is causing worry that this may bring about setbacks in the ROK's missile capabilities vis-a-vis the North.

Last year the ROK and the United States agreed in principle to abolish the ROK-U.S. missile memorandum because it was pointed out that the memorandum infringes on the sovereignty of the ROK's missile development, and instead it was decided that the ROK would join the MTCR, which was concluded in 1987 to control missile development and exports.

The MTCR does not limit missile development; it limits the exporting of missiles with a range of over 300km and a warhead weight of over 500kg. However, the ROK and the United States have agreed that even if the ROK joins the MTCR, the ROK will develop only missiles that have a range of less than 300km.

Concerning this, the Foreign Ministry explained that there is, nevertheless, no change in the government's position that the ROK-U.S. missile memorandum must be revised in accordance with the changed situation.

ROK: NSP Said Working To Prevent Re-election of Clinton

SK0803113996 *(Clandestine) Voice of National Salvation in Korean*
to South Korea 0300 GMT 8 Mar 96

[FBIS Summary] "With the U.S. presidential election scheduled for November 1996 drawing nearer, the Agency for National Security Planning [NSP] is reportedly working on behind-the-scenes operations to prevent the re-election of U.S. President Clinton." These operations are expected to "arouse conflicts between the ROK and the United States."

"According to an NSP source, Kim Yong-sam has overtly complained" about the fact that the Clinton administration "promised to maintain the ROK-U.S. alliance as regards [passage indistinct], but held North Korea-U.S. negotiations without the ROK" and tried to "improve North Korea-U.S. relations behind the back of the ROK." Kim Yong-sam "reportedly instructed the NSP to prepare measures to prevent the re-election of Clinton in the upcoming U.S. presidential election."

[Words indistinct] are lobbying in the United States and increasing contacts with the Republicans. "The NSP source added that the ROK media reports about [passage indistinct] of the Clinton administration are one of the operations designed to prevent Clinton's re-election."

ROK: U.S., Others Criticize Korea's Labor Practices

SK1003065296 Seoul THE KOREA TIMES in English
10 Mar 96 p 2

[By staff reporter Son Ki-yong]

[FBIS Transcribed Text] As far as South Korea's human rights violations are concerned, the stiff National Security Law has been the target of criticism at home and abroad. However, the United States and some major world bodies have not hesitated to pick Seoul's labor standards as another example of Korea's backwardness.

In an annual human rights report, the U.S. State Department allocated a considerable section to Korea's labor standards, noting, "Korea's labor practices remain below international standards."

Korea is on the threshold of joining the Organization for Economic Cooperation and Development (OECD), a club of affluent countries, but its substandard labor laws have already emerged as an obstacle to its entry. An OECD committee is scheduled to review Korea's labor standards in April.

For the second consecutive year, the country is likely to face a humiliating recommendation by the International Labor Organization (ILO), which will hold a governing council on March 14. In response to complaints lodged by Korean dissident and independent unions, the ILO Committee on Freedom of Association issued a report in 1994 recommending that Seoul bring Korean labor laws and policies up to international workers' rights standards in accordance with the principle of free association.

Since 1991, South Korea has been suspended from the U.S. Overseas Private Investment Corporation (OPIC) insurance programs because of the government's infringement on freedom of association and other workers' rights, the U.S. report said.

A series of criticism and recommendations are focused on Korea's labor laws banning multiple labor unions in a work place and the intervention of third parties in labor disputes.

Even government officials call the ban on the intervention of third parties in labor disputes "evil laws which don't exist in the world except for Korea."

So far, the presidential house of Chongwadae and the Labor Ministry, despite persistent criticism and pressures from domestic labor bodies and international organizations, have turned a deaf ear to a flood of demands that the laws be revised.

"The Labor Ministry is not taking any major step toward improving labor laws as Chongwadae is reluctant to take

decisive measures a month ahead of the April 11 general elections," said a government official.

The Labor Ministry apparently fears that the revisions of labor laws might fan labor disputes. However, many believe that Seoul has no option but to get rid of such regulations from the Labor Disputes Adjustment Act and the Trade Union Act.

The Korean government has arrested unionists acting as third parties in instigating labor disputes.

"By the year's end, 30 workers had been arrested for violating the labor laws, according to the Ministry of Law statistics, and 21 of them remained in prison," the U.S. human rights report said.

One of the typical victims of the "evil laws" is Kwon Yong-kil, the chairman of the dissident Korean Council of Trade Unions (KCTU), who was arrested in November for labor law violations stemming from his involvement in disputes such as the 1994 railway workers' strike.

Authorities charged that he had encouraged illegal strikes in the public sector, while human rights groups argued that Kwon was arrested for attempting to exercise the legitimate functions of a leader of a trade union federation in consulting with unions involved in a dispute.

Another case in which the United Nations has intervened involves Son Chong-kyu, a labor union leader who was arrested for intervening in a strike at the Dae-woo Shipyard.

The United Nations has already sent a recommendation to the Korean government that he be compensated for illegitimate detention and that the ban on the intervention of third parties be reconsidered.

As Korea endorsed an options protocol of the International Covenant on Civil and Political Rights in 1990, it is obliged to comply with the United Nations' recommendations. Currently, U.N. officials are requesting to hear from their Korean counterparts whether Seoul took an action in conformity with the U.N. recommendations.

A government branch has already submitted to Chongwadae a policy proposal which calls for the removal of the ban on multiple labor unions and the intervention of third parties, but the presidential office is still weighing its consequences.

ROK: DPRK Video Suggests Existence of Anti-Kim Chong-il Forces

*SKD903100196 Seoul SEOUL SINMUN in Korean
9 Mar 96 p 2*

[Report by correspondent Kang Sok-chin from Tokyo]

[FBIS Translated Text] A videotape suggesting the existence of anti-Kim Chong-il forces in North Korea has reached Japan, thus attracting extraordinary attention.

On 8 March a Japanese mass communications company revealed that a high-ranking North Korean official had handed over a videotape, which was repeatedly telecast in North Korea before and after Kim Chong-il's birthday last month, to a Korean resident in Japan who recently visited North Korea. As he handed over the videotape, the North Korean official asked him "to inform the Japanese people of what foolish ideas Kim Chong-il has." The Japanese mass communications company has made this videotape available to some ROK reporters.

In this videotape lasting about an hour, Kim Chong-il, visiting a bicycle unit of the army, taught that "if they have revolutionary spirit, they can cross rivers and even the sea." Thus, the tape frequently shows Kim Chong-il appearances where he indulges in bravado and bluster.

That the videotape came to the hands of the Japanese mass communications company and has been distributed in Japan shows that there are certainly forces standing against Kim Chong-il within North Korea, and that various indications show the possibility of the collapse of Kim Chong-il's power base.

ROK: Japanese TV Shows Video of DPRK 'Human Bomb' Training

*SKD903034696 Seoul HANGUK ILBO in Korean
9 Mar 96 p 1*

[Report by Pak Yong-ki from Tokyo]

[FBIS Translated Text] It has been revealed for the first time that North Korea is conducting so-called "human bomb" exercises in which commandos infiltrate an enemy area with bombs strapped around their body.

This was confirmed through a video tape obtained from North Korea by the Japanese television station NHK. On 8 March, NHK televised the video which contains footage on the exercises of the North Korean Army's commandos. North Korea produced this video for propaganda purposes to show that Kim Chong-il has a firm grip on the military.

The video mainly concentrates on showing the exercises involving the North Korean Army commandos, whose number is believed to total more than 100,000. The most interesting portion of the video is footage showing an

exercise involving a woman commando who parachutes from a plane with bombs strapped around her body. A woman commando jumps from AN-2 low-altitude infiltration plane to explode on an enemy airfield, reminding us of the Japanese imperialist's kamikaze special attack corps.

ROK: Video Shows 'Intensity' of DPRK Commando Unit Training

*SK1003062496 Seoul MBC Television Network
in Korean 1200 GMT 8 Mar 96*

[Tokyo correspondent Pak Yong-min report over video]

[FBIS Translated Text] [Announcer] The video on North Korea that MBC obtained today confirms that the North Korean Army is giving its commando unit the so-called human bomb training in which the commando members are dropped from aircraft with bombs tied to their bodies when the commando infiltrates through the air. The intensity of the training for infiltration into South Korea far surpasses our imagination. Tokyo-based correspondent Pak Yong-min reports.

[Pak] The North Korean video that MBC obtained today contains the intensive training of the North Korean Army commando, which is supposedly composed of 100,000 troops. The commando training consists of various types of martial arts training. It seems that it is part of the regular training for the commandos to walk on broken glass or roll over the ground covered with pieces of broken glass.

The level of the women's martial arts training surpasses our imagination. Routine training includes how to use a dagger and to use scoops and hoes as makeshift weapons. The shooting training, on which emphasis is laid, gives the commandos the capability of coping with any situation.

What particularly attracts our attention is the aerial infiltration training. It has been shockingly confirmed for the first time that North Korea is giving the commandos the so-called human-bomb training in which the infiltrators are dropped from aircraft with bombs attached to their bodies.

This scene that shows the bomb-carrying infiltrators jumping off from the AN-2, a low altitude infiltration aircraft, approaching the aircraft in the enemy airport and drop the bombs, reveals the obvious objective of their training. [video shows members of the commandos parachuting from aircraft with explosives attached to their bodies and then advance into the simulated enemy's airport and blow up planes]

Furthermore, the infiltrators are trained to drop themselves onto the target point with the bombs attached

to their bodies in case it is necessary, reminding us of the kamikaze commando of the Japanese Imperial Army during World War II.

The scene of the in-water training in which the commandos infiltrate under the ice shows that the commandos are preparing to infiltrate into South Korea during any season.

The martial arts training in preparation for a situation they would be exposed to while conducting the infiltration gives us the illusion that we are seeing a Chinese martial arts film.

The training, which is aimed at capturing an enemy vehicle during a battle, demonstrates that North Korea is giving the commandos training covering very minute points in preparation for the infiltration.

The video shows that Kim Chong-il is very much interested in having his commandos infiltrate into South Korea by often attending the commando training, [video shows sides shots of Kim Chong-il watching the exercises with the late O Chin-u] and worrying that this would be revealed to the outside world, the North Korean authorities reportedly hastily withdrew the video tapes they had given to some of their senior officials.

ROK: More on DPRK Video Urging Soldiers To 'Become Rifles, Bombs'

*SK1003073196 Seoul MBC Television Network
in Korean 1200 GMT 9 Mar 96*

[Report by Tokyo correspondent Pak Yong-min over video — recorded; first two paragraphs are editorial introduction]

[FBIS Translated Text] At this hour on 8 March we showed our audience the human-bomb training of the North Korean commandos' aerial infiltration team. A North Korean Army video, which we have obtained in Tokyo, reveals that the North Korean Army is pushing ahead with the so-called work of turning the entire Army into rifles and bombs, urging the soldiers to become rifles and bombs to defend Kim Chong-il.

We note that the North Korean commandos even have a military dog unit training military dogs to be suicide attack units. Tokyo-based correspondent Pak Yong-min reports:

[Pak Yong-min] The North Korean Army video shows that North Korea is pushing ahead with the work to turn the entire Army into rifles and bombs as part of the campaign to defend Kim Chong-il at the cost of the soldiers' lives. The human-bomb training, which we showed the audience last evening, was a typical example of this.

The work of turning the entire Army into rifles and bombs to defend Kim Chong-il also applies to the unit which trains military dogs. In the training attended by Kim Chong-il we see a scene where a dog with a bomb attached to its body dashes underneath a tank, revealing for the first time that North Korea is training even military dogs to be suicide attack units, to be rifles and bombs.

Without doubt, the model tank for the attack is the tank of the ROK and U.S. Army.

Kim Chong-il, one of whose hobbies is marksmanship, visits a shooting range frequently. The scene of Kim Chong-il wearing sunglasses and giving shooting instructions himself is a rare scene.

Kim Chong-il takes particular interest in the commando unit, and he reportedly attends nearly all the commando unit's demonstration drills, such as the tempering of muscles with logs and nailing with a fist.

The nocturnal training of the commandos — in which the trainees appear not to be ordinary soldiers because their hair is longer than soldiers' hair and they wear civilian clothes — is disclosed for the first time, and the details of the training are horrifying.

Considering the intensity of the training of the North Korean Army, the objective of the training cannot be merely to defend Kim Chong-il at the cost of one's life.

ROK Editorial on 'Human-Bomb' Training of DPRK Soldiers

*SK1103011196 Seoul KYONGHYANG SINMUN
in Korean 10 Mar 96 p 3*

[Editorial: "'Human-Bomb Training' in North Korea"]

[FBIS Translated Text] Scenes on North Korea's human-bomb training telecast on 8 March were indeed shocking. Scenes of the training, in which women soldiers with bombs attached to their bodies jump out of a low-flying infiltration aircraft and blow up an airfield, vividly showed the horrifying, true nature of the North Korean regime, which readily reduces human life to a weapon for military purposes.

The videotape showing the training scenes of North Korean commandos, estimated to be approximately 100,000, was learned to be a propaganda tape designed to show that Kim Chong-il has the complete control of the military, thus shocking us once again. The kamikaze commando-type training, which had been buried in the graveyard of history after the collapse of Japanese militarism, is being undisguisedly conducted by the regular Army. This again arouses our keen sense of

vigilance against the North Korea with which we are confronted.

We thought that a suicide bombing attack could only be committed by terrorists in the Middle East and Northern Ireland. They willingly commit "suicide attacks" because of their religious faith and because it is ordered by the organization they belong to. However, despite their martyr-like religious passion, the suicide attack has been denounced by the entire world as an uncivilized terrorist act. It is a basic value and moral principle of a civilized society that an attack at the cost of human life cannot be justified with any logic or pretext.

The suicide bombing attack training, undisguisedly conducted in North Korea by the regular Army, clearly proves the uncivilized nature of the North Korean regime. The complete uniformity of the North Korean society and lunatic nature of mass rallies held there could be vividly witnessed in the past with the large-scale events and memorial services held for Kim Il-sung. However, seeing the scenes showing women soldiers being trained to be "human-bombs," we are stunned once again by the unchanging nature of the North Korean regime.

With the bombing of the Korean Airlines passenger airplane and the Aungmyan tragedy in Burma, we have been well aware that the North Korean regime is a terrorist group, which resorts to any means in order to realize its objective. North Korea has long been on the U.S. list of terrorist states because it has not renounced terrorism.

Seeing mass rallies and robot-like people in North Korea, we cannot but be filled with great pity for them, because they are fellow countrymen sharing the same blood. This notwithstanding, seeing North Korean women soldiers jumping to the ground with bombs attached to their bodies, we come to realize the critical point that we must deal with North Korean issues with a "cool head" instead of a "warm heart."

ROK: Preparation Urged for DPRK Infiltration, Terrorism

SK1103071396 Seoul SEOUL SINMUN in Korean
11 Mar 96 p 18

[Article by SEOUL SINMUN research fellow Yu Un-
kol based on an analysis by the SEOUL SINMUN Inter-
national Strategy Institute: "North Korean Commando—
Kamikaze-Style Human-Bomb Training"]

[FBIS Summary] MBC television on the evening of
8 March broadcast a video showing the training of a
North Korean commando obtained from North Korea
by Japan's NHK. It has been known for a long time

that North Korea established a commando unit and has
been training the commandos to disturb South Korea,
however, this is the first time that the scenes of the
training have been disclosed so vividly.

The video contains a scene where the commandos, with
four to five bombs attached to their bodies, infiltrate
deep into the enemy position aboard the AN-2, an
aircraft for infiltration by flying low and destroying the
target. In particular, the scene of women commandos'
aerial infiltration with bombs attached to their bodies
reminded us of the Japanese Imperial Army's kamikaze
commando. The video also includes scenes where the
commandos, infiltrating into the enemy position, seize
a truck and where a woman commando defeats four to
five male commandos.

What terrifies us in this film, which is considered to
have been produced to demonstrate that Kim Chong-
il is in firm control of the North Korean military, is
the kamikaze-style human-bomb training, because North
Korea could commit any provocative action to tide over
its crisis.

"It is estimated that North Korea has deployed and is
training some 100,000 commandos for infiltration into
and terrorist activities against the South. They belong
mostly to the 8th Special Corps. Some 3,000 special
terrorist commandos are being trained in places, such
as the Kumsong Political and Military College, and the
8th Special Corps has several light infantry brigades.
The Air Force and the Navy have commando brigades,
and the Navy has a marine commando unit as well."

The North Korean commandos receive intense training
far surpassing our imagination designed for infiltration,
demolition, and terrorism, such as rolling over broken
pieces of glass with the upper part of the body naked
and hitting the target some 10 meters away with a field
scoop, as revealed by the video.

"The terrorist operations and the southward infiltration
are committed through the party and military organiza-
tions. The party organizations charged with the work are
the Liaison Department, Investigation Department, and
the Reunification Front Department; and the Reconnaissance
Department of the Ministry of People's Armed
Forces is charged with the work in the military."

"To achieve its wild ambition to reunify the country
through communizing the South, North Korea has
dispatched numerous armed agents and communist
guerrillas to the South and committed terrorist activities
against the South. The armed agents and communist
guerrillas who have been uncovered since the signing
of the Armistice Agreement after their infiltration or
in their attempt to infiltrate numbered 5,200 on 1,800

occasions. Of them, 3,000 persons were captured, 1,700 persons were shot to death, and some 200 persons surrendered themselves to the authorities." These figures do not reflect the considerable number of active spies who have not been captured.

In view of the situation North Korea is in, North Korea could commit various types of provocations against the South, such as the abduction of important people, the destruction of facilities, arson, terrorism, the dispatch of armed agents, and an armed provocation in the Military Demarcation Line, in the wake of the Song Hye-rim case and with the South's general elections approaching in April. An intelligence report says that four to five-member teams of North Korean special operations units are active overseas to abduct ROK citizens and take them to the North.

Therefore, we should prepare ourselves well for the infiltration and terrorist activities of the North Korean commandos at home and abroad.

ROK: Swedish Envoy to DPRK Interviewed on Current DPRK Situation

SK0803132296 Seoul SEOUL SINMUN in Korean 8 Mar 96 p 6

[Telephone interview with Rub Quist (name as transliterated), councillor to the Swedish Embassy in Pyongyang, by Washington correspondent Na Yun-to on 6 March; first paragraph is editorial introduction]

[FBIS Translated Text] In a telephone conversation with SEOUL SINMUN on 6 March, the Swedish Embassy in Pyongyang, which carries out consular work for Americans in North Korea, expressed the view that North Korea's food shortage is serious, but it can hold out until July. The following is the recent North Korean situation according to Rub Quist, councillor to the Swedish Embassy in Pyongyang, as revealed in a telephone interview with SEOUL SINMUN's Washington correspondent.

[Na Yun-to] How is North Korea's food situation these days?

[Rub Quist] It is very serious, for sure. When we meet with people from international organizations, they say it is not to the degree that they are starving, but if food aid is not received within two to three months, they believe that a truly serious situation may break out. We can say that July and August, right before harvest time, will be the most critical moment.

[Na] Was security strengthened around the embassy area after the North Korean staff sergeant attempted to defect to the Russian Embassy in Pyongyang?

[Quist] Our embassy is near the Russian Embassy, but we did not notice any strengthening of special security since that incident and did not receive any measures on how to deal with sudden intruders or any means of cooperation from the North Korean authorities. Since the embassy complex is in the heart of the city, complete isolation of this area is impossible.

[Na] North Korea's political situation is viewed as very unstable from the outside. What is your view on this matter?

[Quist] There is no need to worry about immediate collapse or the possibility of a coup d'etat in North Korea. There is no sign at all that will bring about any kind of challenge or confusion regarding the Kim Chong-il leadership system. The intelligence which we obtain is limited because we are a foreign embassy, but we do not feel any sense of crisis.

[Na] How are you carrying out consular work for Americans there?

[Quist] With the delay in the establishment of liaison offices between the United States and North Korea, our embassy has been carrying out consular work for Americans visiting North Korea from September of last year. However, we are not busy with this work because there are not many Americans visiting here. Last week only one American came to North Korea.

[Na] Can you tell us about the weather there these days and working conditions?

[Quist] It is still chilly here, but we can feel that spring is right around the corner along the Taedong River. Since there was only a little snow this winter, the drought is serious. It rained today after a long time. Since I am the only one working here, it is monotonous and lonely, but I frequently have exchanges with employees of international organizations and other diplomats.

ROK: Antigovernment Protests by Students in DPRK Reported

SK0903002896 Seoul KBS-1 Radio Network in Korean 0000 GMT 9 Mar 96

[Report by Tokyo correspondent Yu Sung-chae]

[FBIS Translated Text] The Japanese newspaper SANKEI SHIMBUN reported today that approximately 200 university students staged an antigovernment demonstration in Chongjin, North Korea, and that as a result, North Korean security authorities went on maximum alert.

Quoting a Korean resident in Japan who had visited North Korea, SANKEI SHIMBUN reported the

North Korean students staged a street demonstration in Chongjin to protest corruption by government officials, and that all were arrested by the Ministry of Public Security, the State Security Department, and other security authorities.

The newspaper also reported that the leaking of concrete information on antigovernment demonstrations in North Korea is quite rare.

It added: Whether this information is true has not been confirmed. However, if it is true, it means North Korean students have begun to criticize the government over such issues as the eradication of corruption, for which they could win sympathy from ordinary people.

ROK: DPRK Reportedly Solicits Donations From Overseas Koreans

*SK1003044596 Seoul YONHAP in English
0435 GMT 10 Mar 96*

[FBIS Transcribed Text] Seoul, March 10 (YONHAP) — North Korea is intent on soliciting donations from overseas Koreans in an effort to help overcome its food and foreign exchange shortages, a government source said Sunday.

"Pyongyang has recently been approaching prominent Korean businessmen abroad to seek huge donations, offering them important positions following unification," the source said. "A certain Korean-American businessman has donated 1 million dollars to the North."

The reclusive Stalinist country demands donations in return for arranging reunions with split families and investments in North Korea, according to the source.

In a bid to eventually organize a Federation of Pro-Pyongyang Korean Residents in North America, the North Koreans are wooing influential ethnic Koreans by inviting them to attend major events in the North, and arranging for them to meet ranking party and government officials as well as family members living in the North, the source said.

There are over 40 hard-core pro-Pyongyang ethnic Koreans in the United States, Canada and Mexico, the source added.

ROK: Taiwan Reportedly Finds 'Nuclear Material' on DPRK Ship

*SK1003050896 Seoul KBS-1 Radio Network
in Korean 0400 GMT 10 Mar 96*

[Report by DPA and YONHAP from Taipei]

[FBIS Translated Text] Taiwan's LIEN-HO PAO has reported that Taiwan's Kaohsiung port police have seized nuclear material from a North Korean ship

heading for Pakistan. The nuclear material is believed to be used for the manufacture of weapons.

The paper reported that the Kaohsiung port police on 8 March searched a North Korean ship, the Chonsung-ho, and found 35 tonnes of the nuclear material. The paper added that the nuclear material was loaded at Nampo port in North Korea and was supposed to arrive in Karachi next week along with other North Korean cargo.

The police are holding the North Korean ship while they wait for test results of what is believed to be nitroglycerin, a raw material used to make explosives.

ROK: DPRK Urges Peace Agreement as Catalyst for 'Opening Up'

*SK1003053696 Seoul CHUNGANG ILBO in Korean
10 Mar 96 p 2*

[FBIS Translated Text] It has been learned that North Korean authorities held contacts with U.S. experts on North Korean affairs, including a U.S. State Department official. In the contacts, North Korea reportedly stressed the need for the United States to ease economic sanctions and called for the conclusion of a tentative peace agreement between North Korea and the United States explaining that this would act as a catalyst for its opening up.

Bob Carlin, deputy director of a section of the Intelligence and Research Bureau under the State Department, visited North Korea from 27 February to 5 March at the invitation of the Research Institute for Peaceful Disarmament affiliated to the North Korean Foreign Ministry (acting head Kim Pyong-hong). After his visit to North Korea, he reportedly revealed that he had "extensive contacts with North Korean Foreign Ministry officials, including Yi Hyong-chol, director of the Foreign Ministry American Affairs Bureau," adding that "the North Korean officials expressed a strong will for opening up and that they would concentrate their efforts on this."

However, a ROK Government official who met with Carlin disclosed that the North Korean side stressed the need to create a catalyst for the opening-up and, that for this, he urged eased economic sanctions and the conclusion of tentative peace agreement North Korea proposed at the end of last month.

Even though North Korea did not specifically reveal the timing of the establishment of mutual liaison offices, Carlin reportedly speculated that it would take place around June or July.

Carlin, who visited North Korea with five companions, including Professor John Louise [name as transliterated]

of Stanford University, visited Seoul after winding up his visit to North Korea and explained to ROK Government officials the results of his contacts with the North Korean leaders.

ROK: Defector on Attempt To Reenter DPRK for Family

SK1003020096 Seoul TONG-A ILBO in Korean
9 Mar 96 p 38

[Report by Song Pyong-in]

[FBIS Translated Text] Mr. Kim Hyong-tok (22, former North Korean soldier belonging to the League of Socialist Working Youth of Korea's South Pyongan Province shock brigade), who recently defected to the ROK, was arrested on 6 February while attempting to secretly reenter North Korea. When questioned by the prosecution office, he stated that "he had planned to get his father and brothers out of North Korea and to defect again to the ROK with them," adding that "in view of North Korea's public order situation, his re-defection was possible."

He told the prosecutor that "although the North Korean border is tightly guarded, its internal order is so loose that it takes more than 10 days for North Korean security authorities to inquire into a person's family and social background when checked while traveling. Moreover, even if a person is caught while traveling illegally, the person can easily pass the check point if a bribe is offered. This is why he attempted to secretly go to North Korea again, carrying \$14,700."

He explained that ever since he defected to the ROK in September of 1994, he has been in agony because he is the only one who lives peacefully and pleasantly in the ROK, leaving his aging father and younger brothers in North Korea. After confirming that they were still alive, he then worked out a detailed plan to go to the North again in order to bring his family to the South, and defect again to the ROK with them.

He said that through his North Korean acquaintances living in China, he confirmed that his father and brothers in North Korea were not taken to a concentration camp. He added that since an increasing number of North Koreans have escaped recently, the North Korean authorities cannot take all of their families to a concentration camp in punishment and retaliation.

He stated that although his father is only 55 years old, he looks as if he was over 75 as a result of the poverty and hardship he has suffered. Kim said that as the eldest son, he has always been in agony and had many sleepless nights because he defected by himself, leaving his father and four brothers in North Korea.

Prompted by this, he decided to secretly go to North Korea via Manpo by crossing the Yalu River in April or May and go to his hometown in Kaechon, South Pyongan Province, where his family lives. He then planned to persuade his family to return with him via Manpo riding a freight car at night. Thus, he intended to flee to China.

Mr. Kim revealed that since this is the busy farming season, North Korean guards are all mobilized in various activities to support farms. As a result, the guard in the border area is looser. Moreover, the Yalu River's water level is lower during the winter. All this made him put his plan into action.

As preparatory measure in the event he was caught while traveling in North Korea, he exchanged his money in the ROK into \$14,700 in order to buy Chinese wine, cigarettes and so forth, to offer them to the North Korean guards as bribes. With this money, he secretly boarded a cargo ship in Inchon bound for China. However, he was arrested in Ulsan on 4 February.

ROK Considers Opening Land Route to DPRK for LWR Project

SK0503134896 Seoul SEOUL SINMUN in Korean
9 Mar 96 p 1

[Report by Ku Pon-yong]

[FBIS Translated Text] It was learned on 8 March that in order to more smoothly implement the project to provide light-water reactors [LWR] to North Korea, the government is considering opening an overland route between South and North Korea through Panmunjom in addition to the existing sea and air routes for transportation of technicians and equipment. The government has decided to promote this as a long-term task.

This policy was decided upon because it is believed that if full-fledged follow-up negotiations for the provision of LWRs slated for late March are to be successful, if the traffic of our technicians and equipment coming in and out of North Korea is to rapidly increase, and if the LWR project is to be smoothly implemented, the existing plan to use a sea route between South and North Korean ports on the east coast to transport equipment and to use an air route via China's Beijing Airport for transportation of technicians will not lead to smooth implementation of the LWR project. In particular, the authorities consider that as a total of 2,000 South Koreans are expected to reside in North Korea when full-scale work on the LWR project begins, there will be great difficulties in proceeding with the project unless an additional traffic route is opened for technological manpower.

Accordingly, the government will put forward the proposal on opening an additional passage to North Korea at a proper time when South-North relations improve.

A government official said: "The agreement signed by the Korean Peninsula Energy Development Organization (KEDO) and North Korea at the end of 1995 specifies that sea and air routes designated by North Korea and agreed to by KEDO will be allowed as traffic routes." The official also said: "At that time, the sides failed to agree to the opening of an overland route because North Korea strongly opposed it for fear of possible disruptions in its system. However, they left room for follow-up negotiations by enacting an article saying 'additional routes will be considered if necessary.'"

A working-level official who participated in all four rounds of the site survey activity by flying to Pyongyang via Beijing and transferring to a train from Pyongyang to Sinpo, the LWR construction site, said: "It takes over 10 hours to go to Sinpo from Pyongyang by train, and I had to spend much time waiting for the train." In particular, the official commented: "If our technicians enter North Korea by using an overland route between South and North Korea, instead of going there via China, that would not only make it possible for them to save time, but would also suit the purpose of the LWR project — promoting the opening of North Korea."

ROK President Interviewed on Problems in DPRK
SK1003150796 Seoul KBS-1 Television Network
in Korean 1245 GMT 10 Mar 96

["Special interview" with ROK President Kim Yong-sam at Chongwae, the ROK Presidential Offices, by KBS anchorman Yu Kun-chang, with participation via satellite by five foreign reporters, including David Watts, senior Foreign News Desk reporter of THE TIMES of London, and John Oberdorfer, former WASHINGTON POST reporter; date not given — recorded]

[FBIS Translated Excerpt] [passage omitted]

[David Watts, in English with superimposed Korean translation] Because of North Korea's food shortages, tensions are prevailing on the Korean Peninsula. Will you tell us about the result of the Bangkok meeting and what measures the European countries can take to relax tensions?

[President Kim] Before I answer that question, I would like to mention my meeting with British Prime Minister Major, who visited the ROK a few days ago. During the ROK-British summit, we first discussed the significance of the Asia-Europe Meeting (ASEM). The second

ASEM will be held in London and the third meeting will be held in the ROK. In order to discuss issues covering all of Asia and Europe, I proposed that the ROK and England form a joint committee, and we reached an agreement on this.

In addition, I discussed the North Korean issue in depth with Prime Minister Major.

Food and energy shortages in North Korea are presently very serious. This is a structural problem. Even if one offers food aid, the problem will not be resolved. It is like pouring water into a broken jar. Energy, including electric power, is necessary to keep plants running. However, North Korea is basically short of these two critical elements, food and energy. Therefore, at this point it is very difficult for North Korea to solve problems concerning them.

[John Oberdorfer, in English with superimposed Korean translation] Reports indicate Kim Chong-il will assume the highest posts in North Korea, namely, president and general secretary of the Workers Party, sometime this summer. Mr. President, do you plan to hold a summit with Kim Chong-il when he assumes the presidency?

[President Kim] Regarding a summit with the North Korean leader, one was originally planned with President Kim Il-song in 1994. However, President Kim Il-song died just two weeks before the talks were to be held, and thus, the summit was aborted.

Reports about Kim Chong-il assuming the presidency and becoming general secretary have been raised frequently. These latest reports, therefore, are nothing new.

I do not think it is appropriate to mention a summit at this point. In other words, it is too early to talk about a summit at this point, because the presidency is still vacant. [passage omitted]

ROK President Warns of Possible DPRK 'Military Adventure'

SK1103070396 Seoul YONHAP in English
0657 GMT 11 Mar 96

[FBIS Transcribed Text] Seoul, March 11 (YONHAP) — President Kim Yong-sam called on the people Monday to be alert to the possibility that North Korea may "recklessly attempt a military adventure in an effort to escape the crisis facing its establishment."

While speaking at the Korean Military Academy commencement, President Kim stressed that "we must not show any weakness as far as national security is concerned."

He noted that North Korea is suffering from "extreme economic deprivation on top of the unstableness of its establishment."

"We want peace, but the peace can be maintained only when we are strong," he said.

The chief executive said that the armed forces are "fully" ready to cope with any contingencies on the basis of close military cooperation with the United States.

Kim proposed that the armed forces introduce innovations with a view to promoting economic and efficiency-oriented management.

Leaders from other branches of government, members of the diplomatic corps and leading military officials were at hand at the commencement.

ROK, Japan Discuss Role of Japanese Firms in LWR Project

SK1003091796 Seoul THE KOREA TIMES in English 10 Mar 96 p 2

[FBIS Transcribed Text] Seoul and Tokyo share the understanding that it is technically difficult for Japanese companies to participate in the North Korean reactor project in proportion to Japan's financial contributions to the project, officials here said yesterday.

"It is nearly impossible for them to fully take part in the project because of technical interface between equipment produced by the two countries. Japan also understands the situation," said an official of the Office of Planning for the Light-Water Reactor (LWR) Project.

That means that the two countries' level of financial contributions to the North Korean reactor project doesn't directly match the procurement of LWR-related equipment from the two countries.

Seoul pledged to play the central role in the 4-billion-dollar reactor project in which two 1,000-megawatt South Korean-type reactors will be offered to North Korea, while Japan expressed its intention of playing a significant role.

Currently, Japan has suggested a list of LWR-related equipment, including a turbine generator, which it can produce, he said.

Three main players of the Korean Peninsula Energy Development Organization (KEDO) are expected to start talks on the level of their financial contributions after July, when the project's total cost will be officially assessed, the official said.

Meanwhile, Paul Cleveland, a former U.S. ambassador who recently replaced Robert Gallucci as a member of

KEDO's Executive Board, arrived here yesterday for talks with Korean officials.

Cleveland, who served as a minister at the American Embassy in Seoul, is scheduled to meet his Korean counterpart Chang Sun-sop, Deputy Premier-Unification Minister Kwon O-ki, Foreign Minister Kong No-myong and Senior Presidential Secretary Yu Chong-ha during his four-day stay.

ROK-Japan Bilateral Issues Discussed at 'Senior-Level' Meeting

SK1003084696 Seoul THE KOREA TIMES in English 10 Mar 96 p 2

[FBIS Transcribed Text] Seoul and Tokyo yesterday held a senior-level meeting to discuss ways of implementing what was agreed at the summit between President Kim Yong-sam and Prime Minister Ryutaro Hashimoto in Bangkok early this month.

Kim Ha-chung, director general of the Foreign Ministry's Asia-Pacific Affairs Bureau and his Japanese counterpart Ryojo Kato exchanged opinions on when to start talks on setting the boundaries of each country's 200-nautical-mile exclusive economic zones (EEZs). They also discussed the resumption of fisheries talks apart from EEZ talks, ways of cooperation in the Korean Peninsula Energy Development Organization (KEDO) and the pace of Japan's bid to resume normalization talks with North Korea.

ROK, Japan Agree To Set Up Joint History Research Committee

SK0903135496 Seoul YONHAP in English 1245 GMT 9 Mar 96

[FBIS Transcribed Text] Seoul, March 9 (YONHAP) — Seoul and Tokyo have agreed to set up a joint history research committee as early as possible, which will be comprised of each 10 to 15 members from the two nations.

The decision was made Saturday afternoon at a meeting between director-general of the Foreign Ministry's Asian Affairs Bureau Kim Ha-chung and his visiting Japanese counterpart Ryojo Kato.

"Prior to the launch of the history committee, there will be another working-level consultation in Japan this month to discuss specific methods to form the committee, including a way to select committee members," Kim said.

"In case of South Korea, a lot of difficulties are expected to be if and when the government selects the members," Kim said, apparently indicating that the

government would assign selection works to private academic organizations.

Meanwhile, Kim and Kato also agreed to have their fisheries administrations hold a working-level meeting within this month to deal with bilateral fishery issues such as the coordination of fishing amounts.

**ROK Editorial on Concern Over PRC
'Saber-Rattling' off Taiwan**

SK0903013496 Seoul THE KOREA TIMES in English
9 Mar 96 p 6

[Editorial: "China's Saber-Rattling"]

[FBIS Transcribed Text] We are greatly concerned about the consequences of China's saber-rattling off Taiwan with its resumption of missile tests perilously close to the island yesterday. The Chinese military threat against Taiwan, which Beijing considers a renegade province, is creating unrest and tension across the straits that separate the two and elsewhere in Northeast Asia.

The firing of missiles is clearly aimed at intimidating Taiwan before it holds its first direct presidential election on March 23 which incumbent President Li Teng-hui is expected to win. Beijing opposes the election of Li whom China regards as a covert seeker of independence for Taiwan despite the ROC [Republic of China] government's official line of pursuing national reunification.

For Beijing, the acceptance of Li's election means a virtual recognition of two Chinas or one China (mainland) plus one Taiwan. It therefore feels it is obligated to stamp out Taipei's efforts to emerge as a major actor in the international community by attempting to regain a seat in the United Nations, expand diplomatic ties with world countries and purchase more arms from the United States.

Previously, China engaged in four rounds of military intimidation—two missiles tests and two amphibious landing exercises—since Taiwanese President Li enraged Beijing past June by making a private visit to the United States. But what is particularly provocative this time is that the missile exercises are within 20 miles of two vital ports of Taiwan.

Taipei already ordered its forces on a special alert, warning that it will retaliate if any Chinese missiles land within its territorial waters. On the other hand, according to news reports, the Chinese military had worked out a series of contingency plans for a possible war with Taiwan starting as a consequence of the exercise.

Immediately after Beijing early this week announced its plan to test-fire missiles near Taiwan, Washington,

expressing profound apprehension, formally asked Beijing to shelve it. And Congressional Republicans warned that America would help Taiwan should it be attacked by China.

World countries are worried about the undesirable possibility that Chinese missiles may go off course and hit Taiwan, provoking a war in the worst case. Japan, France, Hong Kong and other governments pointed out that the Chinese military exercise will disrupt peace in Northeast Asia and destabilize the region.

As a key actor on the world stage and a permanent member of the U.N. Security Council, China bears the responsibility of helping maintain world peace, least of all endangering it. Beijing should refrain from using or threatening to use arms and seek to settle disputes or differences with Taiwan or other countries through peaceful means.

Chinese leaders so far committed themselves not to pursue military-backed hegemony over weaker nations. China has no right to cause trouble to people as they travel and engage in commercial activities in the region.

Another adverse consequence of China's military maneuvers will be that nations in the region will be induced to beef up their respective militaries to defend themselves amidst this high tension. Japan, Vietnam and the Philippines, which are currently involved in a dispute over the Spratly Islands are likely to most sensitively react to the present developments occurring across the Taiwan Straits.

While keeping its armed forces in a state of alert to meet any contingency, the Taipei government is taking a rather cautious stand, reiterating that it still is pursuing the long-standing policy of strengthening cross-Straits exchanges and negotiating while promoting positive interaction as stated by Premier Lien Chan. Beijing is advised to be equally prudent in handling this matter aware of the adverse world opinion.

Our government has so far remained silent about the developments in the Taiwan Straits. But it is urged to send a clear message to Beijing against any moves that create tension in the region, especially those employing military power.

**ROK Position on PRC-Taiwan Situation,
Contingency Plans Noted**

SK1003145096 Seoul CHOSON ILBO in Korean
10 Mar 96 p 2

[By reporter Ku Song-chae]

[FBIS Translated Text] The government has not made an official response regarding the PRC's armed action

11 March 1996

against Taiwan. It has only revealed in principle its position by saying: "We hope this matter will be solved in a peaceful way."

It is believed that this remark was made in consideration of the North Korean issue and at how the PRC side might react if the ROK thoughtlessly intervenes in this matter.

At an informal session with reporters on 9 March, it seemed that Foreign Minister Kong was very careful when talking about this matter. Foreign Minister Kong had remained silent when asked if the ROK had considered "playing the role of mediator" between the U.S. and PRC on the issue of the armed action by the PRC.

However, the government is currently taking measures "in case of an emergency." The first priority is the safety of Koreans living in Taiwan. The Foreign Ministry has already sent instructions to the ROK mission in Taipei to investigate the whereabouts of Koreans throughout Taiwan and establish an emergency communications network.

Also, it is examining a scenario on how to withdraw Koreans from Taiwan in case of an emergency.

A total of 3,600 Koreans, including employees of trading companies and students, are currently living in Taiwan. Safety guidelines have been developed on using neighboring sea and air routes as a means of transportation.

Currently, the government is considering two scenarios on how the situation is likely to develop. First is that the current Taiwanese President Li Teng-hui will win in the upcoming presidential elections slated for 23 March by receiving over 50 percent support. It seems that if President Li wins in the elections, he will all the more strengthen long-term "elastic diplomacy" which pursues the line of being divided and independent from the mainland. Thus, PRC-Taiwan relations will be all the more aggravated.

Second, is that President Li will be defeated or be elected with low support. If this is the case, the PRC will conclude that it has been successful in debilitate the "separatist forces" and will restore a normal line.

In the case of the first scenario, it is being pointed out that PRC-U.S., North Korea-U.S., and North Korea-PRC relations will have a different aspect than they do now.

In particular, if the United States accelerates its approach to the North to check the PRC, and if on the contrary the PRC strengthens allied ties with the North,

some worry that the atmosphere on the Korean Peninsula will become cloudy.

Of course, it seems that basically the United States will form ties with the PRC through traditional friendly relations with the ROK and Japan. However, it is expected that this will also result in a narrowing of our stance on the Korean Peninsula. Therefore, attention is being focused on how the situation will develop in the future.

ROK Editorial: Need for Protection From U.S.-PRC Conflict

SK1103071896 Seoul CHOSON ILBO in Korean
11 Mar 96 p 3

[Editorial: "The ROK Needs Measures To Protect Itself From U.S.-PRC Confrontation"]

[FBIS Translated Text] The PRC is still pushing ahead with missile tests in the sea near Taiwan despite a deluge of demands from the international community to show restraint. This is arousing serious criticism and concerns in the United States and Japan. Words used in their criticism of the missile drills are as threatening as missiles. The missile drills being conducted by the PRC, which China claimed "domestic affairs," have become an international issue causing great repercussions in the Northeast Asian security situation.

Nevertheless, we still hear strong voices from the PRC. In his speech at the recent People's Congress meeting, Chinese President Jiang Zemin said the PRC will not stop its struggle unless Taiwan authorities abandon their moves toward independence. It is ambiguous what the state of "Taiwan authorities' abandonment of independence moves" means. The PRC is increasing the level of its warning against Taiwan probably because Chinese leaders want to firmly establish their political position following Deng Xiaoping. The United States also tries to show a strong image in its relations with the PRC because U.S. presidential candidates intend to win votes of conservative people who desire stability. Under this circumstances, an armed clash may take place between the PRC and Taiwan, resulting in a serious conflict between the United States and the PRC.

The PRC missile test firings are not only a warning against "hidden Taiwan figures involved in the independence movement," but they are also aimed at curbing support of the United States, which allowed President Li Teng-hui to visit the country last summer. In short, the PRC runs after two hares with the missile test firings. Under these circumstances, we have no choice but to seriously consider what will become of us if tensions in the Taiwan Straits are not eased soon, and if U.S.-PRC relations are unexpectedly aggravated.

Accordingly, we must seriously cope with this matter not only because of the possible damages in sea and air routes we may suffer due to the PRC missile test firings, but also because our overall security structure may be threatened by the tests. We should not remain an idle spectator of the complicated and urgent matter that exerts a significant impact upon us. We have to actively participate in international efforts to ease tensions in the Taiwan Straits. Looking at neighboring powers' moves with indifference is not an attitude worthy of a member nation of the UN Security Council. We should play the role of an international community member by establishing a prudent, effective, and "ROK-style" method to approach this matter. Silence is not the only thing we can do. We must assume a clear position to protect our security and national interests.

**ROK President on Mekong Project,
Singapore-Pusan Railroad**

SK1003142496 Seoul YONHAP in English
1007 GMT 10 Mar 96

[FBIS Transcribed Text] Seoul, March 10 (YONHAP) — President Kim Yong-sam said Sunday that a joint government-private committee will be formed soon to study how best South Korea can participate in the Mekong River Basin development project.

With Mekong River Basin development investment forum opening in Seoul Thursday by representatives from six countries involved in the project and the Asia Development Bank, the project is entering a specific phase, Kim said.

President Kim made the remarks in a tele-conference interview with KBS and five foreign journalists under the theme of "ASEM (Asia-Europe Meeting) in 2000 and New Silk Road." The interview recorded Saturday is to be aired during KBS News 9 Sunday evening.

"Since the development project is very important and massive in scale, in which many South Korean businesses will take part, the government will do its utmost to strengthen cooperative ties with the Association of Southeast Asian Nations (ASEAN) members," Kim said.

Referring to the proposed pan-Asian railroad linking Singapore with Pusan, Kim disclosed that China and other countries agreed at the recent first ASEM summit in Bangkok to try to persuade North Korea to join forces for the project.

"The connection of railroads between the South and North under the proposed pan-Asia railway project would contribute toward expanding inter-Korean trade,

now standing at 300 million dollars per annum, as well as economic cooperation," Kim said.

The interview was mainly conducted by Yu Kun-chan, anchorman of KBS News 9.

Among the five foreign journalists taking part in the interview were John Oberdorfer, former WASHINGTON POST reporter; Alexandre Valiyev, ITAR-TASS reporter; and David Watts, foreign news editor of THE TIMES in London.

**ROK Foreign Minister on Missile Exercises,
PRC-Taiwan Issues**

SK0903050296 Seoul YONHAP in English
0457 GMT 9 Mar 96

[FBIS Transcribed Text] Seoul, March 9 (YONHAP) — Foreign Minister Kong No-myong, hinting that South Korea would like China to refrain from conducting further missile exercises across the Taiwan Strait, stressed Saturday the need for dialogue and peaceful solutions to the rising tensions between China and Taiwan.

"The issue (of heightening tensions across the Taiwan Strait) needs to be settled through peaceful dialogue," Kong said.

Kong told reporters that Seoul does not want heightened tensions in Northeast Asia, noting that because of such missile tests, South Korean flights and ships traveling through the South China Sea have had to circumvent their routes near Taiwan for safety reasons.

The foreign minister said he delivered his government's position on the situation between Beijing and Taipei days earlier during a meeting with a high-ranking Chinese official.

**ROK To Diversify Strategy To Cope With
Changing Situation**

SK0803144196 Seoul MUNHWA ILBO in Korean
8 Mar 96 p 1

[Report by Yi Pyong-ho]

[FBIS Summary] As the full-fledged Asia-Europe Meeting (ASEM) system has been inaugurated, the government has decided to actively seek ways to diversify its diplomacy because it believes that, with the "present diplomatic strategy centered on ROK-U.S. relations," it is "unable to cope with the changing situation" that requires "multi-sided diplomacy."

To this end, the government sees an urgent need to rearrange its relations with neighboring powers around the Korean Peninsula, such as the United States and

11 March 1996

China, and will set about negotiations with these countries soon.

The government is also reportedly considering improving its relations with the European Union [EU] and the Association of Southeast Asian Nations [ASEAN], strengthening its unity with Northeast Asian countries such as China and Japan, and actively promoting inter-Korean economic cooperation.

In this regard, the Foreign Ministry's Institute of Foreign Affairs and National Security has recently published a report on major worldwide issues. The report points to the need to prepare measures to cope with "possible disputes among ASEM members over the role of the United States, which is essentially excluded from the ASEM structure." It stressed: "We must use ASEM as a stepping stone in expanding our external economic cooperation with advanced countries — which currently gives great weight to the United States and Japan — to the united Europe."

The report notes: "When cooperation between Northeast Asian countries in the Asian group is soon strengthened to the same level as that of ASEAN, it will become possible to establish an actual partnership between the EU and Asia and to gradually develop ASEM." It also stressed: "As part of measures to actively cope with the globalization of the world economy, South-North economic cooperation should be promoted from a new perspective."

ROK Key Role in LWR Project Reaffirmed

SK1103070196 Seoul YONHAP in English
0653 GMT 11 Mar 96

[FBIS Transcribed Text] Seoul, March 11 (YONHAP) — Foreign Minister Kong No-myong met Monday with Executive Director Paul Cleveland of the Korean Peninsula Energy Development Organization (KEDO) to reaffirm that South Korea will play a key role in the project for the provision of light-water nuclear reactors [LWR] to North Korea, a Foreign Ministry official said.

Kong and Cleveland also shared the view that the nuclear reactor project should proceed in a direction that improves inter-Korean relations, the official said.

Other issues discussed included how to secure consular protection for engineers and other staff that will be sent to North Korea for the project, the legal status of KEDO and ways to deliver construction materials to North Korea, he said.

The American executive director of KEDO also met with his South Korean counterpart Chang Son-sop in the morning and National Unification Minister Kwon O-

ki and Senior Presidential Secretary for Foreign Affairs and National Security Yu Chong-ha.

The KEDO executive directors from South Korea, the United States and Japan, are scheduled to meet in New York next Monday to coordinate their positions for the upcoming negotiations with North Korea that are supposed to take place sometime toward the end of March.

ROK: KEDO To Designate KEPCO Prime Contractor for DPRK Reactor

SK0903052396 Seoul HANGUK ILBO in Korean
9 Mar 96 p 2

[FBIS Translated Text] It was learned on 8 March that the Korean Peninsula Energy Development Organization [KEDO] and the Korea Electric Power Corporation [KEPCO] will draw up a joint agreement to finalize KEPCO's legal position as the prime contractor to the North Korean light-water reactor project, doing so at the KEDO Executive Board meeting slated to be held in New York at the end of March.

A KEPCO official stated: "Last year, the KEDO Executive Board tentatively designated KEPCO as the prime contractor to the light-water reactor supply project." The official added that "the two sides have agreed to map out the agreement on designating KEPCO as the main contractor in order to prevent confusion when pushing ahead with the project and with the conclusion of the commercial contract, which is expected to take more than a year."

The agreement will stipulate KEPCO as the main contractor, and will include a provision on supplying components on a turn-key basis. In this regards, the Foreign Ministry evaluated the agreement as being internationally legal and as having a legal binding force.

ROK: KEDO To Issue 'Authorization To Proceed' to KEPCO

SK1103035196 Seoul CHOSON ILBO in Korean
11 Mar 96 p 2

[Report by Kim Yon-kwang]

[FBIS Translated Text] It has been learned that the Korean Peninsula Energy Development Organization [KEDO] will issue an "authorization to proceed" to the Korea Electric Power Corporation [KEPCO] in connection with the project of supplying light-water reactors [LWR] to North Korea during the KEDO Executive Board meeting slated to be held in New York around 18 March.

This will be the first step to guarantee KEPCO's leadership in the construction project as the main contractor.

Although a commercial contract between KEDO and KEPCO that indicates KEPCO is the main contractor has yet to be signed, KEDO's authorization to proceed with the project is expected to remove a considerable part of technical obstacles to the construction of LWRs by making it clear that KEPCO is "the main body in charge of the project."

The light-water reactor project will be completed through the following steps: The purchase of a construction site; land readjustment; designing; manufacturing of facilities such as reactors, turbines, and generators; and construction.

On 13 June 1995, the ROK, the United States, and Japan directed KEDO "to hold negotiations with KEPCO for the signing of a major contract." However, it will take time to hold the negotiations. So, KEPCO first signed a preparatory service contract with KEDO and has set out about the construction site survey.

As it has no legal grounds for claiming to be the main contractor of the LWR project, KEPCO is not able to receive the construction site from North Korea or designate a subcontractor for engineering works. However, these problems will be solved when KEDO issues KEPCO the authorization to proceed with the project.

If follow-up negotiations between KEDO and North Korea on the personal safety of technicians to be sent to Sinpo in South Hamgyong Province where the LWRs will be constructed, as well as on the purchase of the construction site, are held without fail, heavy equipment for engineering works is likely to be sent to the construction site in April or May.

ROK: SPPO 'Informally' Investigating Interventions in Elections

SKD903014196 Seoul THE KOREA TIMES in English 9 Mar 96 p 3

[FBIS Transcribed Text] The Supreme Public Prosecutor's Office (SPPO) are "informally" investigating 24 people, including a Cabinet member and 10 local autonomous body heads, on suspicion of illegal intervening in the April 11 parliamentary election, a spokesman said yesterday.

The Public Security Department of the SPPO is examining their cases if they used their administrative authority to help specific candidates running in the election, he said.

At present, 15 local autonomous body chiefs and public officials have been booked criminally formally. The Cabinet member is Information Minister O In-hwan, he added.

The opposition National Congress for New Politics [NCNP] led by Kim Tae-chung filed a complaint against Minister O for his remarks in a special lecture in January that former prime minister Yi Hoe-chang's joining the New Korea Party [NKP] was helpful to the reform of the nation.

By political party affiliation, the 10 heads of local administrations break down to two of the ruling NKP, six of the opposition NCNP, one of the United Liberal Democrats [ULD] and one independent, according to the spokesman.

They are suspected of making speeches supporting specific candidates in various gatherings and offering boats to specific contenders visiting islands for electioneering.

The 10 local autonomous body heads elected in the June 27 local elections last year, include Cho Nam-ho, chief of Socho Ward Office in Seoul, who allegedly made a speech backing a specific party candidate, and Chongju City Mayor Kim Hyon-su who said that the ULD could sweep Chungchong-to constituencies.

Pan Sang-kyun, chief of Kumchon Ward Office in Seoul, from the NCNP is suspected of carrying an article supporting a specific party candidate in his ward office bulletin.

A prosecutor of the security department said that some public post holders were intervening in the elections in violation of the election laws banning public officials' election campaign.

ROK 1995 Exports Register Highest Annual Increase Since 1987

SKD903122996 Seoul THE KOREA ECONOMIC WEEKLY in English 11 Mar 96 p 3

[FBIS Translated Text] The nation's exports in 1995 totaled \$125.06 billion, up 30.3 percent from a year before, registering the annual highest expansion since 1987, according to final figures compiled by the Ministry of Trade, Industry & Energy [MOTIE].

The 1995 exports of heavy-chemical products grew by 37.6 percent, and sharp rises were noted in exports of capital-concentrated, technology-oriented components and advanced materials during the year.

In particular, exports of semiconductor chips in 1995 reached \$13 billion and those for this year are expected to hover around \$22.1 billion, the sources said.

The 1995 export share of electric-electronics products stood at 35.5 percent, topping the list of 10 major export commodity groups, the sources said.

By region, exports to advanced nations in 1995 grew by nearly 30 percent, and the export share to developing countries outstripped that to advanced nations, thus making good progress in diversification of export markets, the sources explained.

On the import front, overall imports in 1995 amounted to \$135.12 billion, up 32.0 percent from a year before, and 1995 imports of raw materials and capital goods went up by 32.7 percent and 32.3 percent, respectively, the sources said.

Ranking of 10 Major Export Commodity Groups

(\$ million, %)			
Ranking	Item	Amount	Ratio
1	Electric-electronics products	44,389	35.5
2	Textiles	18,383	14.7
3	Automobiles	8,430	6.7
4	Industrial chemicals	8,357	6.7
5	Iron-steel products	7,246	5.8
6	General machinery	5,570	4.5
7	Ships	5,538	4.4
8	Oil products	2,393	1.9
9	Plastic products	2,198	1.8
10	Metallic products	1,692	1.4
Total		104,196	83.3

10 Largest Trading Partners

(\$ million, %)			
Ranking	Country	Trade scale	Ratio
1	US	54,535	21.0
2	Japan	49,635	19.1
3	China	16,545	6.4
4	Germany	12,548	4.8
5	Singapore	8,857	3.4

(\$ million, %)

6	Saudi Arabia	6,539	2.5
7	Australia	6,466	2.5
8	Taiwan	6,446	2.5
9	Indonesia	6,283	2.4
10	Malaysia	5,466	2.1
Total		173,340	66.6

ROK Intensifies Crackdown on Violators of IPR

SK1003065696 Seoul THE KOREA TIMES in English
10 Mar 96 p 1

[By staff reporter Sin Hak-nim]

[FBIS Transcribed Text] The government is intensifying its crackdown on the piracy of computer programs and other acts that infringe on intellectual property rights [IPR] in a campaign to reinforce IPR protection:

The Supreme Public Prosecutor's Office (SPPO) decided yesterday, in a meeting of senior prosecutors called to deal exclusively with IPR-related issues, to conduct a nationwide campaign to uproot copyright and patent violators as well as those engaged in manufacturing and supplying counterfeit goods.

Under the envisioned comprehensive campaign to round up IPR violators, task forces set up by district prosecutors' offices across the nation will conduct "special operations," at least thrice a month in the Seoul and Pusan metropolitan areas, and at least once a month in other areas, the SPPO spokesman said coming out of the meeting.

The manufacture and sale of counterfeit goods as well as the unauthorized copying and supply of computer software, CDs and video cassettes will primarily be targeted in the crackdown.

Businesses, research institutes, individuals and street vendors who engage in IPR violations, will also be ferreted out throughout the year.

"Accordingly, the prosecution needs to expand its crackdown on the illegal copying of computer programs and on industrial espionage as well as patent and trademark violations," said the spokesman.

The senior prosecutors reviewed the results of raids on IPR violators over the past six years and discussed ways of effectively uprooting pirates.

The prosecution's move comes in view of the persistent IPR violation problem despite the continued efforts

of law-enforcement authorities. The prosecutors established task forces to tackle the situation across the country in 1992.

From 1990 to 1995, a total of 55,623 people have been caught breaking the relevant laws, and 6.1 percent or 3,408 of them were arrested.

Last year alone, some 13,683 IPR violators were caught and 843 of them were formally arrested, according to the SPPO statistics.

Prosecutor General Kim Ki-su particularly emphasized the necessity of positively protecting business secrets as well as computer software which he called a new intellectual property rights.

"It is wrong to think that such reinforced IPR protection will only serve the interests of advanced countries. In the long run, it will help encourage domestic technical development," the nation's top prosecutor was quoted as having told the meeting.

South Korea has been included in the "priority watch list" of the U.S. administration in connection with the controversial IPR protection since 1992.

Therefore, the Korean government has been under mounting pressure from the U.S. administration to take the initiative and protect U.S. intellectual property rights to the greatest extent.

Foreign ministry officials expressed hope that the U.S. government will exclude South Korea from the priority watch list when the former announces its new list on April 30.

"Irrespective of whether our country is excluded from the list, the government needs to reinforce IPR protection in the long-term national interest," a high-ranking Foreign Ministry official in charge of trade affairs with the U.S. told THE KOREA TIMES on the phone.

ROK Exporters on Strict Enforcement of 'Place of Origin' Rule

SK0903013896 Seoul THE KOREA HERALD
in English 9 Mar 96 p 8

[FBIS Transcribed Text] A very strict place of origin rule on steel and other foreign trade items as pushed for by some importing countries is throwing Korean exporters into jitters, government officials said yesterday.

The pros and cons about whether to toughen the rule that determines the original nationality of such trade commodities as steel, footwear, timepieces and some farm products, will likely clash at the technical committee meeting of the World Customs Organization (WCO) in Brussels in March 11-22, they said.

Canada, for instance, is sticking to a very rigid place of origin rule on steel exports, by not recognizing the place of origin for cold coils using imported hot coils as materials.

Under the Canadian formula, Korean cold coils using imported hot coils cannot be recognized as made-in-Korea products. Likewise, foreign-made cold coils using hot coils supplied by Korea are regarded as Korean-made ones, said the officials at the Ministry of Trade, Industry and Energy.

If accepted at the Brussels meeting, the Canadian proposal is expected to incur considerable damages on Korea's hot coil exports, they said. "If, for example, Canada files an antidumping charges against Korean-made cold coils, the cold coils made by foreign countries using Korean hot coils will also be involved in the litigation," an official said. "This will inevitably reduce foreigners' purchase of Korean hot coils."

Similar arguments can happen in the cases of soles and uppers in footwear products, and movements, cases and chains of watches, he said.

The government, in view of the importance of the results of the Brussels meeting, will dispatch a delegation comprising of officials from related government and private business officials.

Seoul will point out that industrial countries have arbitrarily applied the place of origin rule in implementing antidumping, textile quota and certificate of origin systems, the officials said.

Because industrial nations, including the United States and Canada, have utilized the antidumping and countervailing duties as a means of protecting their steel industries, the toughened place of origin rule is likely to have negative effect on Korea's exports, they said. "Seoul will try to positively reflect its position in the meeting, jointly with other major steel exporters, including the European Union," they said.

ROK Former Presidents To Stand Trial 11 Mar

SK0903053796 Seoul YONHAP in English
0529 GMT 9 Mar 96

[FBIS Transcribed Text] Seoul, March 9 (YONHAP) — The trial of those involved in the 1979 military coup and 1980 bloody suppression of the Kwangju uprising will be held in Seoul District Court Monday at 10 AM [0100 GMT 11 March].

Former Presidents Chon Tu-hwan and No Tae-u will both be on trial along with 14 co-defendants.

The 16 defendants will be tried in three separate groups that are made up of the eight who were allegedly

involved in both the coup and massacre, five in the military mutiny, and three in the massacre.

Those who have been implicated in both military incidents are Chon, No, Yu Hak-song, Hwang Yong-si, Yi Hak-pong, Cha Kyu-hyon, Ho Sam-su and Ho Hwa-pyong. The five defendants involved in the military coup are Pak Chua-pyong, Choe Se-chang, Chang Se-tong, Sin Yun-hai and Pak Chong-kyu. Those who were allegedly involved in the Kwangju massacre are Chong Ho-yong, Yi Hui-song and Chu Yong-pok.

Monday's court proceedings will involve two hearings. One will be for all 16 defendants, and the other for the group of 13 defendants. The three who were only involved in the Kwangju massacre will leave the court for the second hearing.

The prosecutors have prepared 300 questions for Chon and 150 questions for No, and are expected to focus on the impropriety of taking then Army Chief of Staff Gen. Chong Sung-hwa into custody, and whether or not they received presidential approval for that action prior to plotting their mutiny.

The defendants and their lawyers, on the other hand, are expected to contend that their indictments are unconstitutional and the result of political motivations, since prosecutors have already decided not to take legal action.

The next court date for the trial is March 18, and the third on the Kwangju massacre hearing will be March 25.

BOK: Chon Reportedly To Reveal 'Truth' About 1979, 1980 Incidents

SK1103003596 Seoul YONHAP in English
0029 GMT 11 Mar 96

[FBIS Transcribed Text] Seoul, March 11 (YONHAP)
— Former President Chon Tu-hwan is reportedly deter-

mined to refute the charges against him for his involvement in the 1979 coup and 1980 Kwangju massacre, during the trial that begins Monday.

His secretary Min Chong-ki said Monday, "When I called on him last Friday, Chon said, 'in the upcoming trial, I'll reveal the actual truth about the 1979 and 1980 incidents through a full-fledged refutation.'"

Expressing his intention to face the trial resolutely, Chon has recently resumed taking headache medicine, which he had avoided because of the possible side effects, according to Min.

Chon thinks he failed to express himself completely Feb. 26 at his first trial session on graft charges because of a severe headache, the aftermath of his 27-day hunger-strike, Min added.

Chon was said to have expressed his grim resolution to his three sons when he told them, "I have to bear responsibility for the 1979 and 1980 incidents and the slush fund scandal. But because of me, hundreds of people around me had been summoned to the testify... I don't know what will happen to me. If I cannot repay them for my moral indebtedness, you will have to repay them on my behalf."

Burma

Burma: Rangoon Views Role in Regional, Global Trade

BK0803154296 Rangoon THE NEW LIGHT OF MYANMAR in English 3 Mar 96 p 6

[Editorial: "Regional and Global Integration"]

[FBIS Transcribed Text] The end of the cold war has brought new prospects and new challenges. It has also imparted new dimensions, new trends and new directions in the relations between states as well. One of the new features has been the impetus for more cooperation and consolidation among nations of the different regions in the world. In this regard, we are happy to note that our region, South-East Asia is taking the lead.

Myanmar [Burma] has maintained strong ties of friendship not only with ASEAN countries but also with other countries in Asia and in other parts of the world. The adoption of political and economic reforms in Myanmar characterized by the transformation from the centrally planned economy to a market-oriented economy, has created conditions for more dynamic cooperation with other countries.

Myanmar could achieve an upturn of the economy in the past seven years with only partial assistance from the friendly countries. If the country could possibly get financial and technical cooperation substantially from abroad, we strongly believe that the economic development of Myanmar will reach new heights within a few years' time. Economic development can elevate the social and living standards of the people.

Now, it is accepted even by the world economists and financial institutions that Myanmar's economy is gaining momentum and growing steadily year after year with the correct leadership and guidance of the Government, said Minister for Trade Li-Oen Tun Kyi at opening of Symposium on Fostering Myanmar's Interdependency in Trade and Investment with Neighbouring Countries and Japan recently.

"The foreign trade policy of Myanmar is an independent one. We believe in trade liberalization. We want free and fair trade in the world," he added.

Since the time of the Myanmar [Burmese] Kings through the colonial period and up to now, about 80 percent of Myanmar's foreign trade remained in Asia. China, Singapore, Japan, Thailand and India are its major trading partners.

We have ongoing general trade agreements with China, the Republic of Korea, Thailand, Vietnam, Pakistan, and Bangladesh in Asia Region. We also have similar

trade agreements with 7 countries of Eastern Europe. Moreover, we also have entered into border trade agreements with China, India and Bangladesh. A border trade agreement with Thailand is now under negotiation and we hope that border trade agreement between Myanmar and Thailand could be signed a the near future.

It is generally accepted that international trade is the driving force for economic development and also for the uplift of social standards.

We are now approaching the end of the twentieth century as we prepare ourselves for a new era of regional integration. We believe that South East Asia will become the most dynamic and promising region in the world. On our part, we will actively contribute our share with a firm determination to meet new challenges in the twenty-first century in the process of regional and global integration.

Burma: Government Jets Reportedly Bomb KNPP Positions Near Border

BK1003111896 Hong Kong AFP in English 1057 GMT 10 Mar 96

[FBIS Transcribed Text] BANGKOK, Mar 10 (AFP) — Burmese fighter bombers attacked ethnic Karenni positions over the weekend, after pushing them off a strategic hill near the Thai border last week in Burma's eastern Kayah State, a Karenni statement said Sunday.

Troops of the Burmese military government shelled Karenni positions from their former base on Naung Long Hill, while "fighter bombers raided, strafing and bombing," the statement from the Karenni National Progressive Party (KNPP) said.

Five government aircraft were involved in the attacks on Saturday afternoon and two on Sunday morning, but the Karenni suffered no casualties, it said.

The KNPP said that well before dawn on Thursday its forces undertook a planned tactical retreat from Naung Long Hill, in the Hta Na Khwe area of Kayah (Karenni) State opposite Thailand's Mae Hong Son province.

Rangoon's forces suffered heavy casualties in three frontal assaults on the hill during the previous week, a Karenni source said.

It was the latest in a string of strategic hills taken by Burmese forces since the KNPP abrogated a ceasefire agreement with the government in December.

The KNPP, which has since been referring to its leadership as the Government of Karenni, declared the document null and void due because the Burmese junta

refused to remove troops from areas it had designated as Karenni-controlled.

Burma's ruling State Law and Order Restoration Council (SLORC) said the troops had to remain in Karenni territory to control illegal logging and exports.

The All Burma Students Democratic Front, formed by former students opposed to Rangoon, said intercepted radio communications indicated that the ruling junta has committed 27 battalions of 300-400 men each to eliminate opposition in Kayah State.

Burma: Article Criticizes Suu Kyi, UNDCP's Giacomelli

BK0803134296 Rangoon THE NEW LIGHT OF MYANMAR in English 22 Feb 96 p 5

[Article by Maung Ngwe Soe: "Joining Hands Against Drug Menace"]

[FBIS Transcribed Text] The woman [referring to Aung San Suu Kyi] related to a person with long nose, whose alien race killed her great grandfather and her father and enslaved the race, with negative attitude and usual ill will raised a question at a roadside talk in connection with the unconditional surrender and return to legal fold of U Khun Sa's MTA [Mong Tai Army] armed troops. She said Khun Sa was given liberty but drug offenders were in jail and asked whether they could be forgiven like Khun Sa.

I would like to answer that question:

— U Khun Sa is a Myanmar [Burmese] citizen and he has returned to the legal fold after surrendering unconditionally. The case will be dealt with according to existing laws and rules.

— Drug offenders are serving their prison terms for committing offences under the Narcotic Drugs and Psychotropic Substances Law. (Similar offenders will be dealt with according to the existing law.)

I would also like to answer another question asking why U Khun Sa is not extradited to another country.

The Vice-Chairman of the Central Committee for Drug Abuse Control Minister for Foreign Affairs gave replies at the Tenth Destruction of Narcotic Drugs Seized by Law Enforcement Agencies on 9 February 1996. He said there was supposedly the continuation and responsibility of the successor government to honour whatever the agreements signed before the country regained independence. But according to international law, he said, the government which succeeded after regaining independence can decide whether it officially approves the agreements. The agreement which existed prior to inde-

pendence is not approved by the government of independent Myanmar [Burma]. Hence, he said, the matter is not to be taken into account.

The Minister for Foreign Affairs said that in 1990 a request from an embassy was received to have U Khun Sa extradited. He added the particular mission was notified that there did never exist any of the extradition and there was no intention whatsoever for extradition. Moreover, when Myanmar signed the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988, it did so on condition that the sixth paragraph of the convention did not bind Myanmar to extradite drug offender citizens to another country.

Hence, the points mentioned above are the right attitude of Myanmar.

Executive Director of the United Nations International Drug Control Programme (UNDCP) Mr Giorgio Giacomelli visited Myanmar from 7 to 11 February 1996 for an assessment of measures taken in the country. During his meetings with the authorities, Myanmar leaders told him about narcotic drug control measures and policies and work done in connection with international relations. Mr Giorgio Giacomelli then expressed his satisfaction with efforts of Myanmar.

He attended the Tenth Destruction of narcotic drugs seized by Law Enforcement Agencies, tested the drugs before the destruction and set them afire. He was taken by special flights to Kengtung, Mong Yang, Hotawng, Hsiltu and Pankai areas covered by the Drug Control Project jointly implemented by Myanmar, People's Republic of China and UNDCP. He witnessed the project activities there. He also signed an agreement extending the pilot project for Wa southern region for six months.

Mr Giorgio Giacomelli is the Executive Director of UNDCP headquarters in Vienna, Austria, a senior official. We had high regards for him as a gentleman in charge of UN drug control activities.

In connection with drug control measures taken in Myanmar, he said in Bangkok that Myanmar was determined to cut output in Khun Sa's former zone and that there was a danger that opium growing would rise elsewhere as a result. He said he was convinced Myanmar Government would significantly decrease the local contribution to trafficking but it could have balloon effect, and that drugs could be produced somewhere else nearby..

Mr Giorgio Giacomelli said Myanmar officials told him that they would take direct control of Khun Sa's opium

growing areas and would not cede control to drug-producing ethnic militias.

While in Myanmar, Mr Giorgio Giacomelli was treated well. But under the arrangement of the United Nations Development Programme (UNDP) Resident Representative, he stealthily met the wife of the man with the long nose [referring to Aung San Suu Kyi] at the UNDP office in the afternoon of 11 February 1996. He did so in disregard of the hospitality extended to him, without paying attention to his dignity and not in concert with his job. He then had clandestine discussions not in favour of drug control measures taken in Myanmar.

Was it becoming an Executive Director of UNDCP and a head of a UN Agency? It is something to be taken into consideration by the citizens of big nations.

This amounts to belittling measures taken by Myanmar as a national responsibility against narcotic drugs threatening the human race. It is incompatible with the status of a gentleman. It smacks of an ungentlemanly act.

Hence, democracy advocates of the people who are perpetrating ill schemes against our nation; those who regard such people as stepfathers; and those who would like to serve such people like slaves, wives or husbands do; all those traitorous axe-handles are to be notified as follows:

- Who and which nation introduced the opium poppy seeds and who encouraged the growing of the plant?
- Who opened the opium dens and made the local national races become opium addicts?
- Who allowed illicit cultivation of opium poppy and drug trafficking in Shan State, Kachin State and hill regions?
- Who sent KMT [Kuomintang] troops to border areas in Shan State?
- Who assisted the KMT remnants and made them engage in growing of opium poppy and drug trafficking?
- Who kindled the insurgency?
- Who sent aid to U Khun Sa's MTA in the past?
- Do the legal experts and advisers understand the term returning to the legal fold after unconditional surrender?
- The return to the legal fold of armed groups including unconditional surrender of U Khun Sa's MTA men contributes to national reconsolidation and combating drugs which cause the loss of human lives. Why don't they welcome such constructive measures for people's interest?

They are critical of such an accomplishment realized out of our own efforts because they aim at pushing the

nation back to servitude after causing disintegration of the Union, division among the national races and the loss of independence and sovereignty.

All the people who are against the disintegration of the Union but for national solidarity and perpetuation of sovereignty, and who love the race and the country, are urged to strive for realization of the twelve objectives of the State as befitting citizens.

May the entire human race be free from the danger of narcotic drugs.

Burma: Editorial Urges Suu Kyi To Deliver Clear Economic Policy

BK1003161096 (Internet) BurmaNet News in English 9 Mar 96

[Editorial from Irrawaddy Volume 4, No. 2: "Suu Kyi in a Bind Over Economy"]

[FBIS Transcribed Text] Edgardo Boeninger, a member of America's National Democratic Institute who went to Burma in early November, said that unless Suu Kyi "can prove that she is good for business and the present government is not, there will be no incentive to change the regime."

Since her release, "the Lady" has been warning foreign investors to study the situation carefully before they rush in with millions of dollars.

But Burmese people, who were isolated in Ne Win's so-called socialist country for almost three decades, now want an open market economy.

Millions of people took to the streets in 1988 as they were frustrated with the government's mismanagement of the economy. In recent months, Suu Kyi has been given her former captors a great chance to criticise and attack her as an "anti-foreign investment" politician.

Suu Kyi, on the other hand, did not fail to point out the serious economic problems in her country: high inflation, sky rocketing prices and corruption among high-ranking officials.

The important question is who is really benefiting from the open market economy?

Last week, responding to critics who say she is bad for business, Suu Kyi outlined the economic policy of her National League for Democracy and said the means for its implementation were in a paper published by a Harvard economist.

Suu Kyi's policy statement calls for an open-market economy, and its credibility will be based on an open and democratic political system.

"A democratic Burma will be an economically dynamic Burma," Suu Kyi wrote. She laid out 11 general economic objectives. She said the details of how to put them into practice could be found in a paper called "Prospects for Sustainable Development in Burma," submitted to the United Nations Development Programme by Dr David Dapice, a professor at Harvard University in the US.

"This is important because the SLORC [State Law and Order Restoration Council] has been portraying her as a crypto-socialist," said Bertil Lintner.

He said the most significant of her party's economic objectives was a clause calling for "a review of the exchange rate, followed by necessary revision."

Burma's economic planners have steadfastly refused to cut the currency's official value, saying that it would boost their foreign debt, estimated at about \$5 billion.

Lintner said Suu Kyi should have been more critical of the difficulty companies have in obtaining the necessary information to do business in Burma.

"Businesses need transparency for real information about what is happening in the markets," Lintner said. "Burma now has zero transparency."

In spite of this, Rajan Pillai of Peregrine Investments, the only foreign investment house operating in Burma, said Suu Kyi's objectives weren't significantly different from the SLORC's.

"Every single point is exactly what the government is already doing," Pillai said.

Pillai isn't alone. Yasuda wrote in Tokyo-based THE DAILY YOMIURI recently. He is director at the Nomura Research Institute. "Suu Kyi maintains that resuming ODA [Official Development Assistance] and investment at this time would only help the junta remain in power, without explaining why this would happen. She has yet to come up with her own set of policies," Yasuda said.

"While she was under house arrest, Myanmar's [Burma] economy was transformed significantly because of the flow of foreign investment into the country. Although construction machinery sent by Japan to improve Yangon's airport rusts away, construction of a road from China's Yunnan Province to Mandalay and construction of a new airport have made impressive progress thanks to Chinese investment."

Yasuda's comparison between Suu Kyi and Corazon Aquino is interesting indeed. He wrote: "When we talk about Myanmar and Suu Kyi, it may be useful to look at 1986 when Corazon Aquino became president of the Philippines. People had high expectations because she

was considered an ordinary housewife and there was a sense of true democracy in the air. But she soon gained the reputation of a political amateur."

"She lost her stature because of the nation's slow economic development. Is there any danger of Suu Kyi going through the same experience as Aquino?" He asked.

It is time for Suu Kyi to show her ability on economic policies. Suu Kyi has many chances to prove this. The military leaders have no knowledge of how to run the country and economy. They rule the country at gun point. They know how to bully innocent people and how to run a corrupt government and how to maintain their power.

The tragedy of Burma is that those with little knowledge of economics have had the reins of power in their hands and they relied heavily on the military to deal with ethnic conflicts, a legacy of colonial rule.

Suu Kyi's Nobel Prize character and democracy speeches are important and needed in Burma. But while we are talking about how to restore democracy and freedom in the country she must not forget the fact that "stomachism" is a critical issue.

Suu Kyi must put into practice what she says. Still, she represents a large population in Burma. Because of this action is needed. She must show that she is able and possessed with political skills. This is what Burmese people are looking for.

Burma: Drug Traffickers Sentenced to Jail, Labor
96P30121A Rangoon THE NEW LIGHT OF MYANMAR in English 24 Jan 96 p 5

[FBIS Transcribed Text] Yangon [Rangoon], 23 Jan—Eighteen persons were sentenced to unlimited number of years with labour under the Narcotic Drugs and Psychotropic Substances Law on 15 January.

They were U Maung Kyaw, Tin Shwe, Aung Soe, Daw Pu, Thein Htaik, Win Zaw, Myo Shwe(a) Angailay, Win Maung, Than Zaw, San Lwin, Ma Than Htay, Ma Su, Nyein Aung, Maung Khua, Ma San San, Ma Khin Kyi, Than Tun, and Ma Mying Than(a) Ma Mi Mi Than

The case was that acting on a tip members of the Defence Services Intelligence and security personnel searched house compounds of U Maung Kyaw, U Aye Shwe, U Tin Shwe, U Win Maung and U San Lwin at Bran Oil Mill Street in Ywama West Ward in Insein Township on 23 April 1995 and they found 1,892 kilos of opium oil, 4.89 kilos of raw opium and refining equipment hidden.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Mahathir Comments on 1995 U.S. Human Rights Report

BK1003131496 *Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 10 Mar 96*

[FBIS Translated Text] Malaysia has its own method of protecting the basic rights of its citizens. The prime minister says a small group or individuals will not be allowed to create violence to such an extent that the majority cannot live well.

[Begin Mahathir recording] What is important is that we protect our basic rights at home. The rights of the majority are part of these basic rights. We cannot allow individuals or a small group to create violence to the extent that the majority cannot live well. For example, if certain parties are allowed to flame racial sentiments in Malaysia and there are riots, the majority of the people will suffer, workers will be unable to work, and businessmen will be unable to engage in business activities. The majority have their rights, and we protect their rights and protect them from people who are radical, irresponsible, extremist, or indifferent to security. Democracy remains good for Westerners, although there are street protests every day, and no one can engage in business activities or live well. For us, the majority's right to live well is a part of human rights. [end recording]

Dr. Mahathir was asked to comment on the U.S. action in including Malaysia in a list of countries that violate human rights.

[Begin Mahathir recording] They [the United States] must focus on their own situation instead of trying to judge others or acting as if only they are free of human right violations. [end recording]

Malaysia: Foreign Minister on 1995 U.S. Human Rights Report

BK0903104896 *Kuala Lumpur THE STAR in English 9 Mar 96*

[Report by P. Bala Kumar — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Foreign Minister Datuk Abdullah Ahmad Badawi has slammed the United States 1995 human rights report, saying it "smacked of arrogance of a superpower."

He said he had expressed Malaysia's regrets to US ambassador John Malott when the American called on him yesterday. "It measures Malaysia by the American yardstick of what constitutes democracy and human

rights. "It reveals an ignorance of the actual situation prevailing in Malaysia especially its multi-racial setup."

The 20th annual human rights report criticised Malaysia for failing to meet US standards citing Internal Security Act, limited press freedom and "abuses" in detention centres.

The report also talks about women's rights, workers' rights, employment of children and religious freedom, saying that "religious minorities are subject to some restrictions."

Abdullah said the US was by no means in a position to comment on human rights in Malaysia as its own track record was not perfect or unblemished.

"The Americans should look into their own backyard before pointing fingers at others."

He also said that it was inappropriate for the US to include Malaysia in the reported list of 31 countries which were identified by the US as either illicit drug producers or transit countries.

Malaysia: Mahathir Defends Human Rights Record, Cites U.S. Violations

OW1003053896 *Hong Kong AFP in English 0527 GMT 10 Mar 96*

[FBIS Transcribed Text] Kuala Lumpur, March 10 (AFP) — Prime Minister Mahathir Mohamad Sunday [10 March] hit back at the United States for criticising Malaysia's human rights record, and accused the superpower of ignoring the rights of its own citizens as well as those of other countries.

Mahathir defended Malaysia's powerful Internal Security Act which allows detention without trial, saying: "We don't care what others say."

"For us, safeguarding the interests of the majority is also safeguarding the basic human rights in this country," he was quoted as saying by Bernama news agency.

Washington had criticised Malaysia for failing to meet US standards in its 20th annual human rights report on 194 countries released Wednesday.

The report slammed the Internal Security Act for what it termed "abuses" in detention centres as well as limits to press freedom.

But Mahathir, a long-time critic of what he describes as the "Western" notion of human rights, in turn accused the United States of abusing the rights of other countries.

"They go to other countries, catch people and take them back and punish others according to their own laws," he

said, adding that US police also had a record of violence towards Afro-Americans.

He accused the US of acting "as if they alone are free of human rights violations."

Malaysia: Mahathir Urges Automaker To Help Trim Trade Deficit

BK0703085796 Kuala Lumpur THE STAR in English
7 Mar 96

[BERNAMA report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Datuk Sri Dr. Mahathir Mohamed has outlined three measures which Perusahaan Otomobil Kedua Bhd (Perodua) can take to help reduce the country's trade deficit, especially with Japan.

The Prime Minister said it should ensure that component imports were at the minimum level, speed up planning to replace components imported from Japan and export as many Kancil and Rusa vehicles as possible.

If these efforts were planned and implemented properly, a balance could be struck between imports and exports to reduce the deficit, he said when launching Rusa, a multi-utility van produced by Perodua, the manufacturer of the second national car Kancil, last night.

Perodua's import of parts and capital goods had contributed to the deficit, which totalled RM [Malaysian ringgit] 9,900 million as at last November, he said.

"Perodua has a duty to take measures to curb Malaysia's trade deficit since it has been accorded certain protection by the government," he said.

If careful studies were conducted, many of the imported components could be sourced locally, he said.

The number of cars made by Malaysia had reached the required number for the components industry to have economies of scale, he said.

He said it was important for Proton, the producer of the first national car, and Perodua to reduce production costs in order to compete outside the country where they did not enjoy government protection.

Malaysia: Anwar Cites 'Marked Improvement' in Trade Balance

BK0703075896 Kuala Lumpur THE STAR in English
7 Mar 96

[Report by Hah Poong Lian — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Malaysia's balance of trade has shown a marked improvement,

registering a trade surplus in December 1995 unlike the deficit in the previous two months of last year.

Finance Minister Datuk Sri Anwar Ibrahim said the latest trade figures from the Statistics Department also showed a continued improvement in the trade balance.

He said the trade balance last December registered a surplus of RM [Malaysian ringgit] 653 million, a significant improvement compared to the deficit of RM40 million last November and RM1.6 billion in October.

Speaking to reporters after meeting MTUC [Malaysian Trade Union Congress] leaders, Anwar attributed the surplus to Government measures which scrutinised the nation's requirement for imports. "The Government also carefully studied the nation's need for local products and materials and was more selective in the types of investments.

"This resulted in the positive trend which reflects the reduction in imports, including capital goods," he said.

Anwar said the trend would dispel negative notions that the country's deficit was "out of control."

He noted that the better performance was a result of slower increase in imports (costs, insurance and freight) of 10.5 per cent while the growth of exports (free on board) remained strong at 20.5 per cent.

"For the whole of 1995, the growth of imports averaged 24.8 per cent while that of exports was 20.4 per cent," he said.

He said last year's overall trade balance was a deficit of RM9.2 billion, compared to the deficit of RM9.8 billion in the first 11 months of 1995.

This figure, he said was also smaller than the earlier estimate of RM9.6 billion in the Economic Report.

"The improvement in the overall trade performance will have a positive impact on the 1995 balance of payments current account position," he said.

"As a result, the current account deficit for 1995 is now estimated to be smaller at less than RM18 billion compared with the Economic Report estimate of RM18.1 billion."

Nevertheless, he said the Government would continue to monitor the balance of payments position to ensure that the nation's external balance remained sustainable.

Malaysia: Premier Departs for SRV Working Visit
*BK0703065996 Kuala Lumpur RTM Television
Network 3 in Malay 0530 GMT 7 Mar 96*

[FBIS Translated Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed left for Hanoi this morning on a three-day working visit to Vietnam. He is leading a delegation of about 30 people, including several ministers, senior officials, and businessmen.

Deputy Prime Minister Datuk Sri Anwar Ibrahim and his wife Datin Sri Dr. Wan Azizah Ismail were among those present at the airport.

The working visit comes at the invitation of Mahathir's counterpart, Vo Van Kiet. Datuk Sri Dr. Mahathir last visited Vietnam in 1992. The prime minister is due to meet Do Muoi, general secretary of the Communist Party of Vietnam, and President Le Duc Anh. He is expected to launch the Proton Wira car and inaugurate the Hanoi branch of a Malaysian bank.

Malaysia: Minister Vows 'Punishment' Against ASIAWEEK

*BK0803072096 Kuala Lumpur THE STAR in English
8 Mar 96*

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Singapore — The Government will take action against ASIAWEEK for inaccurate reporting, Information Minister Datuk Mohamed Rahmat said yesterday. "We are considering various actions including curtailing the magazine's circulation, which we had done before against the FAR EASTERN ECONOMIC REVIEW.

"We feel this is the best punishment as these magazines are obviously writing these sensational reports for the sake of publicity and to boost circulation," he told THE STAR.

Mohamed, who attended the 4th ASEAN Ministers Responsible for Information meeting here, was commenting on a report in the latest issue of ASIAWEEK indicating that there would be a Cabinet reshuffle.

The article also claimed that there would be a change in functions for certain ministers.

Mohamed said stern action was needed against ASIAWEEK as it had carried many inaccurate reports on the country.

Cambodia

**Cambodia: Report Hints at U.S. Aid in
Ranariddh's Helicopter Purchase**

*BK0803104596 Phnom Penh CHAKKRAVAL
in Cambodian 3-4 Mar 96 pp 1, 4*

[Report by Sopheap]

[FBIS Translated Text] A brand new aircraft—a six-seat, modern, foreign-made helicopter—that is flying about at Pochentong airport is the private property of Prince Krompreah Norodom Ranariddh, who recently bought it from abroad for \$4 million for his campaign in the upcoming 1998 election.

This is a very strange act in Cambodia, because of the kings, presidents, and prime ministers...of countries around the world, none can afford a \$4 million private aircraft like the son of the Cambodian king's. If they do have aircraft, they were bought with the nation's money, and they are state property.

Many circles have wondered about the fact that, at a time when people are facing famine, the national economy is going downhill, official salaries are inadequate, and war with the Khmer Rouge has been declared...the first prime minister has instead bought a helicopter for pleasure trips and for his election campaign. Is this action appropriate?

Furthermore, did the prince ask for permission from the National Assembly to use this enormous amount of money, which can feed hundreds of thousands of people?

Officials, foreigners, and the international community would be even more puzzled if the aircraft was bought with his own money. The prince has been in power for just over two years, and he has \$4 million with which to buy an aircraft. From where does this money come? What companies does he operate? What is the companies' annual income? Or does the money come from corruption?

Furthermore, if this large amount of money belongs to the party, where does FUNCINPEC (National United Front for an Independent, Neutral, Peaceful, and Co-operative Cambodia) get it from? It hardly had enough vehicles and weapons to use when it was fighting in the jungle. Why can it afford today to buy an aircraft for the party leader? How did FUNCINPEC do it? Through corruption? Or with the assistance of B. Clinton?

Officials close to the prince said that no company bought this aircraft for the prince; he bought it with his own money. To clear up doubts and suspicion, Prince, please explain whether the people and civil servants bought

this \$4 million aircraft for you, or whether you bought it with your own money.

Cambodia: Anti-Evans Australian Embassy Demonstration Criticized

BK0803071696 Phnom Penh SAPORDARMEAN
NEAK PRAYUT in Cambodian 4, 5 Mar 96 pp 1, 3

[Report by Kar Leakkheana]

[FBIS Translated Text] It is very deplorable that a small group of Cambodians staged a demonstration against those who helped Cambodia rediscover peace, just because they had issued a statement critical of the Cambodian judicial system, while remaining quiet on the presence of millions of Vietnamese immigrants who have illegally poured into this country, grabbed Cambodian land, and even killed Cambodian citizens in the process. It is even more deplorable that this small group of individuals had the gall to demonstrate in the guise of students.

One ridiculous incident took place on 25 February when a small group of people mounted a premeditated demonstration in front of the Australian Embassy in Phnom Penh, ostensibly in protest against Australian Foreign Minister Gareth Evans' statement and in support of the Municipal Court verdict and, by extension, the plaintiff Hun Sen.

Gareth Evans, the champion of peace in Cambodia and winner of the Nobel Prize, said on 23 February in Sydney that "the sentence against Prince Kromkhun Norodom Sirivut was very discouraging, because in my opinion this verdict shows that the judiciary in Cambodia is not fully independent...."

Because of this criticism, Mr. Evans was vehemently attacked and condemned by his detractors, who were unhappy with the remark that "the judicial power in Cambodia is not independent."

It is obvious that Cambodia's current judiciary has no independence whatsoever. This is based on the fact that the entire system was born in the time of the Vietnamese-installed communist regime. The judges have a very limited idea of how to adjudicate and they follow orders and intuitions rather than the law. Ordinary people, those affected by this state of affairs, have also said the same thing; and even the judges themselves and those supervising them have admitted it.

We still remember the remarks of Uk Vithon, state secretary for justice, who affirmed that this was true. Whether you like it or not, he said, the people are not happy at all with our judiciary. The Ministry of Justice is looking into this matter and is seeing to it that the

judicial system in Cambodia conforms with its definition in Chapter IX of the Constitution, which deals with the independence and right of the judiciary.

Uk Vithon also admitted that the judges have made many serious mistakes. This has infuriated the people and made them lose confidence in the system. This problem must be rectified as soon as possible, he said.

Given these remarks, in what kind of condition do we find our judiciary? Even one of the prime ministers has raised questions about the judiciary. So, it is general knowledge that the judiciary in Cambodia has no independence.

Recently, there was a court case between the Finance Ministry and the Kim Hap Company, pitting the national interests against those of the merchants. Everybody knows that on 30 January 1995 when the Honduran-registered cargo ship Gena was seized by a team of military and customs officers between Sihanoukville and Rong Sanloem island, this ship was moving freight onto smaller vessels under the cover of night; its cargo included 33 cars, 6,217 boxes of cigarettes, 56 generators and other materials. The evidence was glaring and irrefutable and there were dozens of witnesses from the joint operational group. But what was the ruling? All the courts from the Municipal Court to the Court of Appeals to the Supreme Court acquitted the Kim Hap Company. Was this just?

How about the case of Prince Kromkhun Sirivut? The plaintiff affirmed that he had all the incriminating voices on a recording; but where was the tape during the judgment? The plaintiff said the assassination attempt was made with B-40's by an armed group. Where were the B-40's and the armed group? Why did the court sentence Prince Kromkhun to 10 years in prison? Was this just?

Last week Mr. Chea Peng-chheang, state under secretary for the economy and finance, said: "The court decision was not entirely fair because it seemed to have overlooked customs regulations."

Was Chea Peng-chheang, a member of the government, entitled to criticize the judiciary? Was there anyone who planned to demonstrate against Chea Peng-chheang or the Finance Ministry? Mr. Keat Chhon also once held a press conference to criticize the court decision. Would these persons dare to rear their heads in protest in front of the Ministry of the Economy and Finance as they did in front of the Australian Embassy? Would they dare to raise posters attacking the Finance Ministry or criticizing the Supreme Court?

We do not care if people want to march and demonstrate in support of this or that person. But being students

ourselves, we are most indignant to see the student label being misused by some quarters as a shield to cover up their obnoxious acts.

Cambodia: Sihanouk Comments on Cancer Relapse, Views Succession

BK0903144896 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 9 Mar 96

[Message from King Norodom Sihanouk in Beijing to First Prime Minister Norodom Ranariddh, dated 8 March — read by announcer]

[FBIS Translated Text] Beloved son: I would like you to convey to the respected and beloved children in our motherland, namely all our compatriots, my regards with the most profound love, and the following news from me:

1. I have disseminated in Phnom Penh today a clear, detailed, and frank report in English on my current health and the many problems resulting from my health. Some of the diseases I have are serious.

I got the report, which I value and praise, in Beijing this morning from two prominent Chinese doctors who have treated me carefully. I have also received treatment from a number of other competent and loyal (male and female) Chinese doctors, who have worked attentively and with an unsurpassed spirit of friendship. Their competence is admirable, and they have worked in a most sincere spirit of brotherhood.

2. This report is very detailed. Some medical and scientific terms are inevitable in some parts, making it difficult for ordinary people to understand. Cambodian and foreign doctors in Cambodia are now fully aware and clearly realize the seriousness of some of the issues concerning my health.

It is evident that my cancer and diabetes have made a comeback. My future, even in the short and medium term, cannot be predicted. Some of these disclosures point to the increasingly serious problems of blocked blood vessels, a brain tumor, and thirdly, one which is less serious, fat in the liver.

3. The first two problems — a brain tumor and the possibility of blocked blood vessels due to heart disease — could one day prevent me from working and serving the motherland and respected and beloved people.

Please forgive me with understanding when that day comes, sandech supreme patriachs and people in our motherland. When that time comes, His Excellency Chea Sim will replace me as regent. After I die, the

new king will be chosen by the Throne Council in accordance with our constitution.

I will return to the revered motherland on 11 (7) March as planned.

I and the queen embrace you and Princess Marie from afar with most profound love.

Beijing, 8 March 1996 at 1330

Cambodia: More on Sihanouk Diagnosis, Letter to Son

OW1003051596 Hong Kong AFP in English 0441 GMT 10 Mar 96

[FBIS Transcribed Text] Phnom Penh, March 10 (AFP) — Cambodia's King Norodom Sihanouk has been diagnosed with a brain tumor and may soon step down as head of state, national radio and television reported Sunday.

The 73-year-old monarch said National Assembly President Chea Sim, who acts as head of state in the king's absence, would be appointed as a regent to serve until the king's death, the report said quoting a letter sent from China by the king to his son, First Prime Minister Prince Norodom Ranariddh.

King Sihanouk also said the cancer and diabetes that he suffers from had reappeared and that his future could not be "estimated or speculated on in the very short- or even medium-term," the report said "The tumor in the brain of your father and the possibility of blockage of blood vessels in my heart will one day not allow your father to work at all and serve our beloved country and people," the March 8 letter said.

"When that day arrives, I wish honorable monks and beloved people in our motherland will offer me consideration and kindness. At that time, His Excellency Chea Sim, who is a respectable man, will come to replace me."

The king indicated that he would not abdicate if he was incapacitated, saying that: "When I die, the new king will be selected by the throne council." King Sihanouk, due to return Monday from Beijing where he has been having medical check-ups for the past six weeks, said he had gotten the bleak assessment of his health from his Chinese doctors on Friday morning.

Last week, in a rare interview with the Cambodia Daily newspaper, the king said that he supported Prince Ranariddh to succeed him on the throne, but feared that if he did, the royalist FUNCINPEC party which the prince now leads, would "disappear."

Under Cambodia's constitution, the monarch must be neutral.

Cambodia: Sihanouk May Step Down 'Soon' Due to Brain Tumor

OW1003062896 Hong Kong AFP in English
0416 GMT 10 Mar 96

[FBIS Transcribed Text] Phnom Penh, March 10 (AFP) — Cambodia's King Norodom Sihanouk has been diagnosed with a brain tumor and may soon step down as head of state, national radio and television reported Sunday [10 March].

The 73-year-old monarch said National Assembly President Chea Sim, who acts as head of state in the king's absence, would be appointed as a regent to serve until the king's death, the reports said, quoting a letter sent from China by the king to his son, First Prime Minister Prince Norodom Ranariddh.

Cambodia: Sam Rangai Advises Ranariddh on Anticorruption Bid

BK0803063196 Phnom Penh SAPORDARMEAN WAT
PHNUM in Cambodian 4-5 Mar 96 pp 1, 3

[Open letter from Sam Rangai: "Prince Krompreah, I Have a Few Words for You About Corruption"]

[FBIS Translated Text] I am delighted to hear that a couple of days ago you made an appeal to state officials and employees to stop being corrupt. I heartily admire and support this most righteous appeal of yours. However, I beg your permission to make some observations concerning the campaign against corruption.

1. Fighting corruption is like cleaning a house. In order to clean a house, one must do it from the top floor down. If one tries to clean it from the bottom floor up, dust will spread all over and the house will not be properly cleaned. Some high places have a very thick layer of dust; therefore, we must clean these places first.

2. In governing a country, the top leaders must set good examples for their subordinates. If the chiefs themselves are corrupt, they are in no position to advise their underlings to be clean. The best way to lead is not just by talking; it is through concrete actions that can be emulated. Otherwise, the leaders who merely talk fall into the category of men who have sweet mouths but black hearts.

3. Do you remember the promises of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] enshrined in its political platform, which we made to the people before the 1993 elections? I still remember them very clearly, for I was in charge of writing the political platform

for FUNCINPEC in Cambodian, French, and English. We promised the people that if FUNCINPEC won the elections, before taking office in the government all FUNCINPEC ministers would declare their assets to the public; and when they ceased being ministers, they would declare their assets again. Only in this way can we monitor whether a minister, a prime minister is clean or corrupt. Why did you not respect this promise by FUNCINPEC? The people are amazed to see that some top leaders who were as poor as dirt before have now become millionaires only a year or two after taking office. If each of them receives a monthly salary of only \$40 to \$50, what have they done in order to accumulate millions of dollars to build mansions in the country, buy homes abroad, deposit huge sums in overseas banks, send their wives and children to visit or live in foreign countries, and purchase buckets of gems and jewels?

4. You have succeeded in attracting foreign companies to invest in Cambodia for the sake of our country's economic development. But a number of companies that you brought here are have suspect characters and the contracts that you signed with these companies lacked transparency, as they were drawn up in total secrecy. Recently, it appeared that you began to recognize that we had been duped by them when you expressed doubt that a certain firm would be able to live up to its promises.

Example 1: The Malaysian firm Ariston, which was given a license to develop the Sihanoukville region in a megaproject worth \$1.3 billion. At the end of November 1994 you said that Ariston would officially pay a commission, or tea money, of \$108 million. However, to date the official commission that our state has effectively received is only the \$50,000 cheque that you accepted with your own hands at the opening of the floating casino run by Ariston on 1 May 1995. How much was the unofficial commission worth? And to whom, if anyone, was it paid?

Maybe you are now aware that Ariston cannot move the Sihanoukville development project forward because it is only a small company, one that is good at advertizing itself and giving bribes but incapable of assembling such a huge sum as \$1.3 billion.

Example 2: The Malaysian company MHS [Malaysian Helicopter Services] that you chose as the partner with the state in setting up Royal Air Cambodge (also known by its French acronym of RAC) on 28 December 1994. This MHS company and one of its offshoots called MAS [Malaysian Airline System] are embezzling our national interests and causing chaos and deficiency in the control of the airline, as recently pointed out by second Prime Minister Samdech Hun Sen.

In conclusion, in order to suppress corruption in Cambodia and prevent the failure of our national development efforts stemming from a bad selection of foreign partners, I ask your highness to take measures to clean up the top echelons first before you find fault with the lower echelons.

Indonesia

Indonesia: Pakistani Leaders Hold Talks With Suharto, Alatas

BK0803151496 Islamabad PTV Television Network in English 1400 GMT 8 Mar 96

[FBIS Transcribed Excerpt] Formal talks between Prime Minister Benazir Bhutto and President Suharto of Indonesia were held in Jakarta today. Talks which lasted for an hour and a half between the two leaders discussed matters relating to bilateral, regional, and international issues. The two leaders discussed with particular stress on the possibilities of expanding economic and trade links between the two countries.

PTV correspondent Azhar Masood reports from Jakarta that the parallel talks between Pakistani officials and their counterparts were also held, which explored the possibilities of further enhancing the volume of cooperation in various sectors. Following the talks, the two countries also signed 12 agreements worth \$1.6 billion encompassing all sectors of business, trade, industry, and investment. [passage omitted on details of agreements covered by the second ref]

The foreign minister, Sardar Asif Ahmad Ali, also held a meeting with his Indonesian counterpart, Mr. Ali Alatas. Both the foreign ministers, who were assisted by their senior officials, discussed regional, international, and bilateral issues. Complete identity of views was found between the two sides on various issues.

Indonesia: Economic, Defense Accords Signed With Pakistan

BK0803060596 Islamabad Radio Pakistan Network in English 0300 GMT 8 Mar 96

[FBIS Transcribed Text] The prime minister, Ms. Benazir Bhutto, held talks with President Suharto in Jakarta today. After about one and half hours of formal talks, the two sides signed 12 agreements covering all sectors of business, trade, investment, and industry worth \$1.6 billion. The president and the prime minister witnessed the signing ceremony. Under the agreements, 12 huge projects are being undertaken by the two countries which include construction of a palm oil refinery at Port Qasim, sale of cement and sugar plants and spare parts of submarines from Pakistan on barter trade basis. In exchange, Pakistan would get 15 N-250 type passenger

planes from Indonesia. The planes have a capacity of 70 passengers and a percentage of its spare parts will be fabricated in Pakistan.

Radio Pakistan's special representative Nazir Bukhari says the two countries will also initiate joint ventures in the construction of high-voltage transmission lines and rice milling machinery and textile mills. The two countries will also have barter trade worth more than \$400 million in the private and public sectors. As a goodwill gesture, Indonesia will help Pakistan to start palm oil plantation. The two countries have also agreed on a defense cooperation arrangement.

Prime Minister Benazir Bhutto has reiterated Pakistan's commitment to the cause of Kashmir and called upon India to enter into a meaningful dialogue to resolve the dispute in accordance with the wishes of the Kashmiris as well as the relevant UN resolutions. Speaking at a banquet hosted in her honor by President Suharto in Jakarta, she said the longstanding unresolved dispute on the UN agenda is of special significance to South Asia and poses a threat to peace and stability in the region.

Benazir Bhutto said like Indonesia, Pakistan is committed to the goal of a world free of nuclear weapons. To this end, Pakistan has been making continuous efforts since 1974 for the creation of a nuclear-free zone in South Asia. In this regard she mentioned India's latest pursuit of nuclear weapons and missile program targeting Pakistan.

On bilateral relations, the prime minister expressed confidence that the talks between the two countries will result in finalization of agreement to provide a framework for full realization of potential for closer economic relations.

In his speech, President Suharto appreciated Pakistan's initiative to establish a nuclear-free zone in South Asia and said both the countries share many similarities in their efforts to create world peace in a new world order. He also commended the important role Pakistan is playing in regional organizations such as SAARC [South Asian Association for Regional Cooperation] and ECO [Economic Cooperation Organization]. Referring to the Kashmir problem, he hoped that Pakistan and India would be able to settle the dispute in a peaceful and impartial manner. On bilateral relations, he said both the countries have established quite solid foundation but pointed out that several outdated agreements must be revised with a view to adjusting them to present realities to promote bilateral relations, especially in the economic, trade, investment, agricultural, and technical areas.

Indonesia: Pakistan Signs 24 MoU's Worth \$1.3 Billion*BK0803145796 Islamabad Radio Pakistan Network in English 1400 GMT 8 Mar 96*

[FBIS Transcribed Text] Twenty-four Memoranda of Understanding were signed in Jakarta today between Indonesia and Pakistan Chambers of Commerce and Industry and at government to government level.

These were signed at a luncheon meeting hosted in honor of the prime minister, Benazir Bhutto, by the Indonesian Chamber of Commerce and Industry. The prime minister spoke about the cordial and close relations between the two countries. She said her current visit has been successful in promoting these ties in trade, economic, and other fields. The prime minister said during her visit, the two countries signed agreements worth \$1,200 million in the field of trade.

The president of the Indonesian Chamber of Commerce and Industry, in his address of welcome, assured the prime minister that Indonesian traders and businessmen would do their best to increase trade with Pakistan and help this brotherly country to play a significant role in the business to the Asian region.

The president, Federation of Pakistan Chambers of Commerce and Industry, Mr. S.M. Munir, supported government's policies of privatization and economic reforms. He expressed the hope that the Indonesian businessmen would make full use of liberal trade and investment policies of Pakistan.

The prime minister made a farewell call on President Suharto and Mrs. Suharto. She was accompanied by Mr. Asif Ali Zardari. Radio Pakistan's representative says the meeting took place in a congenial atmosphere. In the afternoon, Ms. (Megawati Sukarno) made a courtesy call on the prime minister.

Indonesia: Australia Urged To Keep 'Policy of Good Neighborliness'*BK1103120896 Jakarta KOMPAS in Indonesian 11 Mar 96*

[Editorial: "Australia Is Expected To Maintain the 'Policy of Good Neighborliness'" — received via Internet]

[FBIS Translated Text] Australia's new government under Prime Minister John Howard (a coalition of the Liberal Party and the National Party) has named Alexander Downer as foreign minister and Ian McLachlan as defense minister. The two posts are very strategic and have a great impact on relations between the Republic of Indonesia and Australia. Certainly, there is an interesting question. Will Downer and McLachlan continue the government policy of former Prime Minister Paul

Keating (the Labor Party) that made relations between the Republic of Indonesia and Australia the highest priority of Canberra's foreign and defense policies?

We hope that Foreign Minister Downer will immediately visit the Asian countries, including Indonesia. We expect Foreign Minister Downer to announce a new foreign policy of the land of kangaroos toward Asia during his visit to Jakarta.

Indeed, Foreign Minister Downer on Friday (8 March) promised to continue the "golden" diplomacy of former Prime Minister Keating that made relations between Australia and Asia so close. He reaffirmed the assurance because of the multitude of reports and analyses by the mass media in Asia and Australia which were strongly surprised at the highly unexpected outcome of the election. They expect Foreign Minister Downer to turn his attention away from Asia and to focus greater attention on Europe and the United States.

During the election campaigns, Howard repeatedly emphasized Australia's historic relations with Europe and the United States. In a foreign policy debate with the then Foreign Minister Gareth Evans, Downer looked "like a student who failed an exam" in failing to formulate Australia's foreign policy if he was named foreign minister.

Paul Keating, who came to power in 1991, is a man of vision. He has been obsessed by his aspirations to turn Australia into a republic in the 21st century, to integrate his country with Asia, and to enable Australia's multiethnic society (ethnic Asians included) to coexist peacefully.

He set a realistic economic policy under which he wanted to adjust the nation's economic growth with the high and dynamic economic growth of the Asia-Pacific region.

According to him, the European Community and the United States have placed their own economic interests above all others, and will never give priority to Australia's exports.

During the election campaigns, Keating reminded Asian leaders, including President Suharto, not to pay too much attention to an Australian Government under Howard. According to Keating, "President Suharto will be very happy to meet the next Australian prime minister but will not hold serious discussions with Howard."

Keating believed Southeast Asian countries are not convinced that a Conservative coalition will truly try to build strong regional bonds because it regards the United States and Britain as Australia's main allies.

Jakarta, Keating said, would not have endorsed the Agreement on Maintaining Security signed last December had the agreement been proposed by the coalition.

Keating had provided numerous services to his friends in the Asia-Pacific region. Along with Evans, he initiated the peace accords in Cambodia and the Asia-Pacific Economic Cooperation [APEC] forum, not to mention their contributions to regional security arrangements through ASEAN post-ministerial conferences and the ASEAN Regional Forum.

In dealing with the Republic of Indonesia, Keating dispelled the myth that we were a threat from the north by signing the Timor Gap Agreement and the Agreement on Maintaining Security. Last year, Keating aptly and successfully settled the crises arising from the cancellation of the appointment of Herman Leopold Bernard Mantiri as ambassador of the Republic of Indonesia to Australia and the burning of red and white flags by East Timor activists in Australia.

We hope that Prime Minister Howard, Foreign Minister Downer, and Defense Minister MacLachlan will not have to start from zero or will not simply abandon the regional and bilateral policies of their predecessors. If that is the case, relations between the Republic of Indonesia and Australia will stagnate and Australia itself will lose.

Australia will no longer be regarded as a key player by its neighbors if it does not continue its friendship with Indonesia or does not participate in Asia-Pacific affairs. In our opinion, the Australian Government will have to maintain and develop a "policy of good neighborliness" if it wants to integrate itself with Asia.

Indonesia: East Timor Youths Decide To Leave Australian Embassy

BE0803092796 Jakarta ANTARA in Indonesian 0854 GMT 8 Mar 96

[FBIS Translated Excerpt] Jakarta, 8 Mar (ANTARA) — Four East Timor youths, who have been "staying" at the Australian Embassy in Jakarta for almost a month, finally decided on Friday to leave and return to society.

Foreign Affairs Department spokesman Ghaffar Padiy confirmed the report on Friday afternoon, saying their decision again proved that the assumption that they had been persecuted was wrong.

Asked whether they will be subjected to an "investigation process" after leaving the embassy, he said: "It is a normal procedure."

"They have, however, entered the territory of another country. Thus, it would be normal to question them. Nothing more," he said. [passage omitted]

Indonesia: Irian Jaya Rebels Demand Talks With Authorities

BR0803125896 Rotterdam ALGEMEEN DAGBLAD in Dutch 7 Mar 96 p 6

[Unattributed report: "Kidnappers Demand Talks"]

[FBIS Translated Text] The kidnappers of two Netherlands in Indonesia are growing impatient. They are demanding urgent talks with the Indonesian Government which has already refused such contacts.

Both Netherlands are among the 12 prisoners held by the Free Papua Movement [OPM] in Irian Jaya. The rebels have warned the authorities that the lives of the hostages are at stake.

"We want to speak with the Indonesian authorities because we still respect them," rebel leader Moses Wewor told the Associated Press Bureau. "But if they continue to ignore us they will be responsible for the deaths of the hostages. The fate of the hostages therefore lies in the hands of the authorities."

Wewor laid down no direct conditions for their release, but said that the government must make an offer. "Our position is clear, and the whole world knows this."

The rebels have been fighting for the independence of Irian Jaya since the Indonesian Government assumed control of the former Netherlands colony.

According to Wewor, the Vatican sent Cardinal Roger Etchegary as an envoy to meet with the rebels. Two Red Cross officials also travelled from Jakarta to Irian Jaya in order to negotiate, said the rebel leader, who previously worked for the Indonesian Foreign Ministry. The Red Cross confirmed this report.

Foreign Minister Alatas yesterday declared that his government would never agree to talk with the rebels, although it permits contacts with the Red Cross. "The longer he defers talks, the more difficult the problem of finding a solution," was the reaction of Wewor. "In the meantime, the condition of the hostages could deteriorate."

Indonesian Official: Hostage Issue 'Actually Settled'

BE0803140496 Jakarta ANTARA in Indonesian 1055 GMT 8 Mar 96

[FBIS Translated Excerpt] Jaya Pura, 8 Mar (ANTARA) — David Mahulette, Indonesian consul in Vanimo, the capital of Sandaun, Papua New Guinea (PNG), has said

that the kidnapping of the Lorentz '95 expedition team of researchers is actually settled. This is because Mozes Weror, supreme leader of the PNG GPK (security disturbance movement), has issued an order for the release of the hostages.

In an international telephone call between ANTARA and Jayapura on Friday, Mahulette said he held direct talks on the kidnapping issue with Mozes Weror on 15 February 1966.

During the talks, Weror said that he disapproved of any kind of kidnapping and hostage taking.

"I had instructed Daniel Yudas Kogoya and Kelly Kwalik, leaders of the Irian Jaya GPK to immediately release all the hostages," Mahulette said quoting Weror's words.

Mahulette said that the order for the release of the hostages had been conveyed by Weror to Kogoya and Kwalik through a courier known as churchman Willy Rum in early February 1966.

"However, so far I do not know for sure whether the order for the hostage release has been conveyed by churchman Willy Rum to Kogoya and Kwalik," Mahulette said. [passage omitted]

Indonesia: 'Major Breakthrough' Expected in Hostage Drama

LD1003094896 Melbourne Radio Australia in English 0900 GMT 10 Mar 96

[FBIS Transcribed Text] A major breakthrough may be imminent in the hostage drama in the Indonesian province of Irian Jaya. Officials of the International Committee of the Red Cross (ICRC) have met in the Papua New Guinea (PNG) capital, Port Moresby, with representatives from the Free West Papua Movement, the OPM. Sean Dorney reports that they are returning to Irian Jaya with a letter for the OPM commander holding the hostages.

[Dorney] The OPM commander Kelly Kwalik, whose men have been holding the 12 hostages, including British, Dutch, and West German nationals, since 8 January, told the Red Cross he was prepared to take orders from one man — Mozes Weror, a PNG naturalized citizen who is chairman of the OPM Revolutionary Council.

Weror has spent hours in intensive negotiations with the Red Cross officials at a secret location here in Port Moresby. I understand Mr. Weror has written a letter to Kelly Kwalik and prepared a communique, the details of which will be released after the ICRC officials have returned to Irian Jaya and hand-delivered the letter to Kwalik.

Indonesia: General Urges Kidnappers To Release Hostages

BK1103083096 Jakarta ANTARA in Indonesian 0741 GMT 11 Mar 96

[FBIS Translated Excerpt] Jayapura, 11 Mar (ANTARA) — Major General Duniya D., commander of the Trikora 8th Military Region Command, has asked the security disturbance movement (GPK) group led by Kelly Kwalik and Daniel Yudas Kogoya to release unconditionally and immediately the members of a WWF (Worldwide Fund for Nature) research team that have been taken hostage. He made the request before reporters after being sworn in as a traditional Jayapura chief warrior at the Sentani Soccer Field in Jayapura on Monday.

He urged Kwalik and Kogoya to comply with the request because the military is using persuasive means to deal with the situation. "All parties consider persuasive means the best method to ensure that all the hostages remain safe," the regional military commander said.

According to the two-star general, the 12 WWF researchers who have been held hostage by the GPK group led by Kwalik and Kogoya since 8 January are innocent people and must be released unconditionally. "If the two GPK leaders obstinately refuse to release the hostages, we will take measures other than persuasive means; we have the potential to do so," Duniya stated.

He said there is no longer any obstacle to the release of the hostages because Mozes Weror, supreme leader of the Papua New Guinea-based GPK, has ordered Kwalik and Kogoya to do so. Kwalik and Kogoya must comply with the order. [passage omitted]

Indonesia: Police Investigating Bomb Explosion in Medan

BK1103104996 Jakarta MEDIA INDONESIA in Indonesian 11 Mar 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Medan — The identity of the person who sent a parcel bomb that exploded in Tanjungbalai, Asahan, North Sumatera, is still unknown. The Asahan Police Area Command and the North Sumatera Regional Police Command are still unable to trace Drs [academic title] Agus Sunaryo, the sender of the parcel, which was mailed from Yogyakarta. Janabada University in Yogyakarta denied that anyone by that name worked for it.

The head of the North Sumatera Regional Police Command's Information Service said police are delving deeper into this angle of investigation. This includes

gathering information from close friends of Syahdan Panjaitan, the recipient of the parcel bomb. Rustam Effendi, the parcel bomb's victim and Syahdan's elder brother, is still hospitalized, and may lose his eyesight as a result of the explosion.

Indonesian Central Bank Chief on Current Account Deficit

BK0803075596 Jakarta KOMPAS in Indonesian
8 Mar 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Jakarta, KOMPAS — The current account deficit is indeed huge. This was known long before Michael Taylor from Morgan Stanley released his analysis. Inflation has been higher than the 5 percent targeted by the government. J. Sudrajat Jiwandono, governor of the Bank of Indonesia [the country's central bank] said in Jakarta on Wednesday (6 March) that the two problems have constantly drawn the government's attention.

Commenting on various mass media reports, he said international analysts were more credible than domestic ones in analyzing various domestic economic developments. "We are like colonial citizens. This is always a problem," he said.

He said Michael Taylor's analysis as well as the Chinese new year and the 'Id al-fitr had influenced the money and capital markets. In other words, there was an impact on the purchase of U.S. dollars. "Nevertheless, the sale of U.S. dollars peaked several days before the 'Id al-fitr. Why didn't it draw attention as well?" he said.

He admitted however that the deficit was growing. The percentage of the current account deficit against the GDP has increased from only 2 percent to 4 percent. The current account deficit is expected to reach about \$7.9 billion in the 1995-96 fiscal year. Within the first semester of the year, the current account deficit had already reached \$4.2 billion. The Bank of Indonesia data on the current account deficit should be more reliable than Michael Taylor's," he said.

Based on an observation by KOMPAS, the deficit has been attributed to the inability of domestic companies to supply components and offer services to industries. For example, almost 90 percent of the components needed to manufacture electronic appliances have to be imported.

The same is true of the automotive industry. Finance Minister Mar'ie Muhammad said in front of Ir. [academic title] Tunky Ariwibowo, minister of industry and trade, that capital goods worth at \$3.5 billion were imported to support the automotive industry and the sector's exports amounted to only \$200 million. In addition,

shipping and reinsurance services dominated by foreign companies have also depleted the foreign exchange.

The Bank of Indonesia governor said a series of measures had been taken to cope with the growing current account deficit. For example, the Bank of Indonesia issued in January 1995 a regulation that requires banks to give the central bank their working plans, particularly regarding credits.

"We have asked them to adjust their capital, assets, equity, liquidity, and management with the extension of credits." Their minimum mandatory reserves have been raised from 2 to 3 percent of public funds at the Bank of Indonesia.

According to Sudrajad, the Bank of Indonesia has resorted to the measures to check the growth of credits. The moves could in turn reduce imports. Sudrajad said: "I say firmly that the various measures are not intended to set a credit ceiling (credit limit). The measures are not intended to limit credits but, rather, are an attempt to adjust the extension of credits to the prevailing conditions."

In addition, all the measures have been taken to check inflation, which reached 3.87 percent in the first two months of 1996.

Indonesia: General on Distribution of 'Anonymous Letters'

BK0803062496 Jakarta KOMPAS in Indonesian
8 Mar 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Lieutenant General Suyono, chief of the ABRI [Armed Forces of the Republic of Indonesia] General Staff, says many anonymous letters and leaflets have been circulated lately urging citizens to hold demonstrations.

"The anonymous letters even say that the ABRI will take no action," Suyono said in reply to questions from reporters on the sidelines of the 19th combined national air defense exercise for the 1995-96 period in Surabaya on Thursday (7 March). He said the ABRI will certainly take firm action if such demonstrations are destructive or criminal. Accordingly, Suyono reminded the public not to be easily misled by such rumors or anonymous letters.

"The 1997 general election is approaching," he stated.

Laos

Laos: U.S. Serviceman's Remains Returned; U.S. Welcomes Aid

BK0603144396 Vientiane Vithayou Hengsat Radio Network in Lao 1200 GMT 6 Mar 96

[FBIS Translated Text] On 28 February, remains of a U.S. Air Force serviceman who was missing in Laos during the war were identified [word indistinct] and taken from the Hickam Air Force base in Hawaii State to the Travis Air Force base in California for a burial ceremony at the deceased family's request.

The deceased was identified as Major (Edward M. Hudgins). Maj. (Hudgins) was first declared missing while piloting an A-1A aircraft on a search and rescue mission in Laos on 21 March 1970. His remains were recovered by the Lao-U.S. joint operation team in October 1994 [word indistinct] and in April 1995.

The U.S. Government welcomed and appreciated the cooperation of the Lao People's Democratic Republic, which has aided in the discovery of U.S. personnel missing in action. The United States expressed the hope that this cooperation would result in recovering more MIA's in the future. Achieving the fullest possible accounting for U.S. MIA's is a top national priority to the U.S. Government.

Philippines

Philippines: Manila To Assist U.S. in Possible Taiwan-PRC War

BK1103104596 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0945 GMT 11 Mar 96

[FBIS Translated Excerpt] Tensions between China and Taiwan continue while the United States flexes its muscles near Taiwan. What will the Philippines do if war breaks out? Let us hear from our colleague Jessica Soho. Jessica, come in:

[Begin Soho recording] The Philippines will be forced to join in the war between China and Taiwan should the United States interfere. This was the statement made by Senator Juan Ponce Enrile. According to Enrile, the Philippines must follow the provisions of the Mutual Defense Treaty; there is nothing else the Philippines can do. The government responded that it must look into the provisions of the treaty.

At the moment, U.S. warships are patrolling near Taiwan. The aircraft carrier USS Independence was sent to the seas near Taiwan as a show of support for Taiwan. The USS Independence has almost 100 fighter planes and bombers armed with air-to-ground missiles. The aircraft carrier recently visited the Philippines before it went to Taiwan Strait.

The sensitive situation at the Taiwan Strait has forced the senators agree to ask the president to convene a meeting of the National Security Council.

The president is studying a suggestion that he mediate between Taiwan and China.

Ambassador Armando Fernandez of the Manila Economic and Cultural Office says the situation in Taiwan remains normal and does not recommend the repatriation of Filipino workers there. [passage omitted] [end recording]

Philippines: Ramos Urges PRC, Taiwan To Solve Dispute Soon

BK0903104396 Hong Kong AFP in English 1009 GMT 9 Mar 96

[FBIS Transcribed Text] MANILA, March 9 (AFP) — President Fidel Ramos said Saturday the Philippines believes that an armed conflict between China and Taiwan was not imminent "at this stage" but urged both nations to settle their dispute soon before it deteriorates.

"While the Philippines is not apprehensive at this stage that armed conflict of any kind is imminent, it nonetheless urges, together with other nations of the region, that the situation in the Taiwan Straits be returned to normal as soon as possible," he said in a statement.

He said he was hopeful the situation in the Taiwan Strait where the Chinese are conducting missile-firing tests "will not be allowed to lead to any unintended erosion of longer-term regional security and regional cooperation."

On Friday, senior Filipino diplomats expressed concern that a misfire by China during its missile firing tests could hit part of Philippine territory, noting that the country's northernmost island of Batanes was just 109 kilometres (117.8 miles) south of Taiwan.

Philippines: MOU on Trade, Investment Signed With New Zealand

BK1103073396 Manila PNA in English 1405 GMT 7 Mar 96

[Received via Internet]

[FBIS Transcribed Text] Manila, March 6 (PNA) — Trade and Industry Secretary Rizalino Navarro and New Zealand Trade Negotiations Minister Philip Burdon today signed a memorandum of understanding (MOU) aimed at pursuing vigorously trade and investments between the two countries.

Trade Minister Burdon who headed the 50-man business delegation from New Zealand said the MOU will

encourage foreign investments and will open new trade opportunities that can contribute significantly to the economic growth of both countries.

According to Burdon, the New Zealand trade and investment mission is here to demonstrate the range of high quality of goods and services New Zealand can provide, to promote New Zealand as a profitable destination for Philippines offshore investment, and to identify opportunities for New Zealand to invest in the Philippines.

Speaking at the Makati Business Club Philippines-New Zealand Business Council meeting held at the Shangri-La, Makati, Burdon disclosed that the Philippines is the one country in the region that has not featured in the expanding Asia-New Zealand partnership.

"Our bilateral trade and investment remains modest in comparison with other Asian countries, despite the many areas of opportunity and complementarities that exist," Burdon said.

Impressed by the remarkable reform under the Ramos administration, Burdon said the Philippines has entered a path of sustainable economic growth which will create increasing demand for the high quality goods New Zealand produces.

"It is the combination of high quality products, technologies, and human skills that we offer to the Philippines in developing trade and investment partnerships, Burdon added.

Meanwhile, the country's export to New Zealand last year reached \$20.481 million, up by 28.01 percent as compared to 1994 level of \$15.913 million.

Philippines Intelligence: Abu Sayyaf Plot To Raid Zamboanga

BK0703104196 *Quezon City Radio Filipinas in English* 0230 GMT 7 Mar 96

[FBIS Transcribed Text] Muslim guerrillas shot dead three civilians in the army-boosted security around Zamboanga Wednesday [6 March], after reports that Islamic extremists would attack this mainly Christian southern Philippine city. Police said 11 workers at the state engineers' office were repairing a road in Tuburan municipality on nearby Basilan Island on Tuesday [5 March] when rebels opened fire, killing two bulldozer operators and a dump truck driver. The survivors told police the guerrillas—believed to be members of the Moro Islamic Liberation Front, MILF—were angered after seeing them working in a rebel-controlled area without asking for their permission.

Intelligence reports that the extremist Abu Sayyaf group will raid Zamboanga this month prompted police and the military to tighten security at facilities and set up mobile checkpoints in the city of 450,000 people. Armed marines were also assigned as security escorts on inter-island ferries.

In a letter to the police command asking for increased security around Zamboanga, (Agal Sarab Rabee) said there are intelligence reports that some quarters are out to create disturbances in the city starting on 15 March.

Philippines: 2 Bombs Explode Near Churches in Zamboanga

OW1003011696 *Hong Kong AFP in English*
0021 GMT 10 Mar 96

[FBIS Transcribed Text] Zamboanga City, Philippines, March 10 (AFP) -- Two home-made bombs exploded near the entrances of two Roman Catholic churches in this southern city Sunday, shortly after dawn, injuring two people.

Military spokesmen said a third unexploded bomb was found near one of the churches, but they did not elaborate.

The bomb attack came as this largely Christian city remained on alert for retaliatory attacks by the Moslem fundamentalist group Abu Sayyaf.

At least 14 Abu Sayyaf members were killed in a military attack on their stronghold last month, leading to fears that they would stage new attacks against civilian targets for revenge.

The Abu Sayyaf are believed responsible for a series of attacks against Christian targets here in the 1990s.

Philippines: Military Suspects Abu Sayyaf in Bombings

BK1103011596 *Quezon City GMA-7 Radio-Television Arts Network in Tagalog* 2230 GMT 10 Mar 96

[FBIS Translated Text] The military suspects the Abu Sayyaf as responsible for the separate bombings that took place in Zamboanga City yesterday [10 March] morning. The suspicion was based on earlier bombing incidents. Three people were seriously injured after the suspects hurled two home-made bombs at Saint Claret Chapel. The victims were identified as Lucia Fuentes, Lyn Dapunga, and Rolando Alba.

Meanwhile, no casualties were reported in the bomb explosion outside Saint Joseph Church at Calle Nunez.

No group has yet admitted responsibility for the reported bombings, despite military suspicions that the bombings were the work of the Abu Sayyaf.

The Zamboanga City International Defense Command has sent additional forces to guard other churches after the bombing incidents.

Zamboanga Congresswoman Maria Clara Lobregat condemned the bombings, which took place in her district. Lobregat is said to be on the Abu Sayyaf's hit list. Lobregat has called on the government to send the marines to prevent the worsening of situation in the city. Lobregat declined to comment on the possible motives of the bombing suspects.

[Begin Lobregat recording, in English] Well, I hope that our authorities look into this and do not take us for granted in Mindanao, and maybe they should make a real effort to...[pause] make our places and people secure. [end recording]

Philippines Economic Official Views Inflation Target

*BK0803073896 Manila PNA in English
0717 GMT 5 Mar 96*

[Received via Internet]

[FBIS Transcribed Text] Manila, March 1 (PNA) — The government could still actually achieve the six to seven percent inflation target for this year and even bring down to five percent, but this will involve squeezing out the economy and sacrificing growth.

This was disclosed today by Socioeconomic Planning Secretary Cielito Habito in reaction to earlier reports that "we could no longer achieve that target due to the expanded value-added tax (EVAT), oil price increase, and wage adjustments" thus, economic managers have to revise the original target to 9.1 percent.

"We have not yet arrive at consensus. There are various possibilities, but definitely inflation will remain single digit. The most accurate thing I could say now is prices will be at normal levels during the latter part of the year," he said in an interview.

"We have to do aggressive move on the supply side, making sure food and other basic commodities have ample supplies. But the more controllable part is the monetary policy. What we will do is a balancing act because we could not tighten money supply so much without raising interest rates and control growth," he said.

Habito also said "interest rates would shoot up if we tighten the money supply while investments will go down."

Thailand

Thai Spokesman: U.S. Human Rights Report Outdated

*BK0903113796 Bangkok BANGKOK POST
in English 9 Mar 96 p 2*

[Unattributed report]

[FBIS Transcribed Text] The Government has rejected the US State Department report on the human rights situation in Thailand, saying it is out-of-date.

Government spokesman Somsak Pritsananthakun said yesterday the Government has not ignored the human rights issue, but rather, it has attached great importance to it.

The US report alleged that Thai police officers had sometimes tortured and even executed suspects and the Thai government did little to punish them.

The Government has also failed to enforce laws against child prostitution.

Mr Somsak argued that Prime Minister Banhan Sinlapacha, in his capacity as the interior minister, has instructed police to earnestly tackle child prostitution and deal harshly with police officers found guilty of torturing or mistreating suspects.

Thai Air Force Chief: U.S. To Sell F-18's With Missiles

*BK0903114996 Bangkok BANGKOK POST
in English 9 Mar 96 p 2*

[Unattributed report]

[FBIS Transcribed Text] The United States has agreed to sell the Thai government eight F/A-18 multi-role jet fighters with Advanced Medium Range Air-to-Air Missiles (AMRAAM).

Air Force Commander-in-Chief ACM M.R. [Mom Ratchawong - royal title] Siriphong Thongyai said the Americans had agreed to Thailand's request.

"We need weapons to suit our strategy of deterrence, weapons with a strong punch and long range," he said.

"We've achieved our mission," he said when asked about the US response to the air force's request for the AMRAAM.

He said he was delighted to learn that the US did not oppose the Air Force's request.

"We're good allies," he said.

ACM M.R. Siriphong said the US had sent the Air Force its letter of agreement for final inspection before

both countries signed the official agreement for the eight twin-engined aircraft, which have an estimated total cost of 14,565 million baht.

The Air Force chief, who is to retire before the end of the year, said there were some changes on the number of spare parts or weapons in the agreement.

"When they send us the letter of agreement it means they have agreed to our demands," he explained.

The agreement would be sent back to the US for further consideration and if US did not oppose the change he would seek approval from the Supreme Command.

ACM M.R. Siriphong said that after the agreement was signed it would take another three to four years for the aircraft to be delivered.

The Air Force needed a squadron of the twin-engined fighters but did not have enough money to buy the whole squadron. The Air Force would consider procuring another eight F/A-18s when it had enough money to pay for them.

The Air Force initially planned to spend 18 billion baht for a squadron of the F/A18s, but the US Department of Defence had earlier notified the US Congress that the eight twin-engined aircraft, or half a squadron, would cost the Air Force around US\$578 million or 14,565 million baht.

The Air Force has initially allocated 10,000 million baht for the first batch of the eight jet fighters.

Thai Editorial Sees PRC as 'Bully' in Dispute With Taiwan

*BK0803060796 Bangkok BANGKOK POST
in English 8 Mar 96 p 4*

[Editorial: "China is Playing With Fire"]

[FBIS Transcribed Text] China is again showing its pugnacious colours by bullying its much smaller neighbour Taiwan only two weeks before its inaugural presidential elections on March 23.

Beijing has announced that ground-to-ground missile launching tests would be conducted in the seas around Taiwan from today to March 15. The Chinese call it training. Others call it blatant intimidation by a communist dictatorship which has not taken kindly to the success of the independent state after it broke away from the rule of tyrannical leaders.

Already, despite China's insistence it does not want to start a war, Taiwanese people are being affected by the standover tactics. Almost three quarters of the tiny island population of Quemoy (Kinmen) near China have fled to Taiwan. Some have moved since last February,

said an official who quite rightly — apparently fearful of a country which has a history of jailing peace activists it labels nuisances — did not want to be named.

The tests, part of a series of military drills by China, are widely thought to be a move to underscore Beijing's anger at what it sees as moves by Taiwan President Li Teng-hui to win independence for the island of 21 million people.

Those fears are verified by the location of the drills — just offshore to two vital Taiwan ports right before the presidential polls, which diplomats say could mean China is raising its sabre-rattling to a dangerous new level.

And already Taiwan is crying out for international help. Its foreign ministry has called on the international community to take unspecified action to deal with China's announcement.

"We hope the international society will seriously deal with communist China's behaviour... and they should not just sit and watch and allow communist China's unbridled behaviour," foreign ministry spokesman Rock Leng said.

Japan responded by saying it was disturbed by China's action, saying it had heightened tension and could disrupt shipping traffic. It is well known that the Japanese are on the side of Taiwan and it is assumed in many circles that it will come to the small nation's aid if need be. "It is not desirable for peace and stability in East Asia... Japan is closely watching the situation," foreign ministry spokesman Hiroshi Hashimoto told a news conference.

China has been cunning. As far as diplomatic relations are concerned, the testing is only an exercise. Japan has equally diplomatically voiced its objection by saying it would disrupt shipping. Brinkmanship is being played in a disguised form which does not warrant aggression from any direction — call it diplomatic face-saving games if we might. But when does the seal break and when do other more powerful nations such as the US get involved, particularly after being criticised by China for allowing the visit of a group of Taiwanese diplomats in June, including Mr Li?

Asked if military confrontation between China and Taiwan was imminent, Mr Hashimoto replied: "We have not received that kind of information." That does not mean they have not thought about the scenario.

Western strategists say Taiwan is able to take care of itself militarily. But any sign of provocation is likely to see China bring in further forces. Taiwan will need and deserve help. Already a capital outflow and brain drain

has started which is in no one's interest — least of all China's.

Analysts say China's request that countries and authorities notify ships and aircraft not to enter the test areas conforms with international practice. But it also underlines China's threat to blockade Taiwan. "This marks a clear message to Taiwan that China has a range of military options short of full-scale invasion," said a Western diplomat.

This not only confirms the danger which stubborn China poses to Taiwan. It also represents the power China wields as such a dynamic and dangerous force in a world which no longer has two dominant superpowers. Sino-US relations are not good. Let's hope the rest of the world can unite to condemn the actions of the latest, more mysterious and threatening superpower before it is asked to join forces in what could be a frightening war.

Taiwan deserves a choice. The rest of the world deserves peace. A bully deserves discipline and must be sanctioned before it is given the breathing space to achieve its dubious goals.

Thai Editorial on Spread of Terrorism From Mideast

BK0803100096 Bangkok *KRUNGTHEP THURAKIT* in Thai 7 Mar 96 p 2

[Editorial: "Watch for Acts of Terrorism in Thailand"]

[FBIS Translated Text] The impact of terrorism in Israel has reached Thailand. According to a report from the Israeli Embassy in Bangkok, Gonen Segev, Israeli minister of energy and infrastructure, who is scheduled to visit Thailand on 10-13 March, has cancelled his visit following a series of suicide bomb attacks by Palestinian terrorists from the Hamas group, which killed 55 innocent victims from 25 February to 4 March.

The Palestinian extremists who carried out the attacks oppose the peace process being worked out jointly by the moderate Palestinians led by President Yasir 'Arafat and the Israeli and U.S. Governments, which has the aim of creating a lasting peace in the region. The Hamas group thinks that the Palestinian people have been betrayed by Yasir 'Arafat and the Israeli leaders. Hamas, as well as other extremist groups outside Israel, such as the "Hezbollah" or "Islamic Jihad" group, want Israel to return all occupied territories unconditionally to the Palestinians. Israel, however, cannot concede to such a demand because Israel contends that Palestine is the "promised land" given to them by God as it was written in the Bible.

The series of attacks, starting with the assassination of former President Yitzhaq Rabin by a radical Israeli student who opposed giving any part of Israeli land to the Palestinians, demonstrated a desire to wreck the peace plan. Acts of terrorism, no matter whether they are carried out by Palestinians or Jewish radicals, are all aimed at sabotaging the peace plan.

The strings of attacks, by whichever group of terrorists, were meant to pressure the Israeli Government and the Interim Government of Palestine to abandon the peace process because Israel will have to return to the Palestinians several other territories under the peace plan. This would force the Israelis who have settled in those occupied areas to move out, which is detrimental to their interests.

Israel is holding a general election in May. Given the current situation, the general public must have lost faith in the government of Shim'on Peres, which failed to maintain peace and security. It is possible that the Likud Party, which is in opposition now and opposes the peace process, might regain popularity. That means the situation is turning in the opposition's favor. It is, therefore, possible that Israel might swing back to the Likud Party in the coming election, and that would mean a collapse of the peace plan that has only been taking shape. In this connection, one can anticipate great confusion in Israel.

It concerns us that the acts of terrorism may not be contained inside Israel but will spread to other parts of the world, including Thailand, which is a close friend of Israel. We must not overlook the fact that the Israeli Embassy in Bangkok was once a target of attack, planned with the use of a large amount of explosive chemicals. The embassy might be chosen as a target once again. Therefore, we call upon the Thai Government to step up security precautions at various embassies, such as the British and U.S. Embassies, which could become the target of attacks. We should take precautions to prevent undesirable incidents to happen in Thailand.

Thailand: Burma Agrees To Reopen Checkpoints on 16 Mar

BK0803055796 Bangkok *THE NATION* in English 8 Mar 96 p A6

[Unattributed report]

[FBIS Transcribed Excerpt] The Burmese government has agreed to reopen three border checkpoints on March 16, a day before Prime Minister Banham Sinlapa-acha begins his visit to Rangoon, Deputy Commander in Chief Gen. Chettha Thanacharo said yesterday.

The reopening of the checkpoints comes a year after the Burmese government ordered the closing of Myawaddi, which links Tak's Mae Sot province, on March 4 last year following several disputes.

"We have a letter from the Burmese government endorsing our request for the border checkpoints to be reopened next Saturday, before the Thai premier visits Rangoon the following day," Gen. Chettha said.

The two other checkpoints which will be reopened are in Ranong province opposite Burma's Victoria Point, or Kawthaung, and in Chiang Rai's Mae Sai district opposite the Thachilek crossing into Burma.

Banham is scheduled to visit Rangoon on Sunday March 17 and return the following day. His visit will be the first by a Thai leader to the country in 15 years.

Rangoon sealed its border with Thailand by shutting down its last official checkpoint at Victoria Point in August last year after the murder of Burmese fishermen aboard a Thai fishing vessel by their Thai colleagues. Bilateral relations became more complicated as Rangoon accused Thailand of filling a section of the Moei River to cover what was previously an island, thus affecting the common boundary.

Rangoon demanded the dismantling of shops built along the Moei River in Tak province after they had caused changes to the river bank.

After this, it suspended construction of the first Thai-Burma Bridge in June last year. [passage omitted]

Thailand: 'Emergency' Rice Shipment Planned for DPRK

BK0803031696 Bangkok BANGKOK POST
in English 8 Mar 96 p 8

[Unattributed report]

[FBIS Transcribed Text] Thailand, the world's biggest rice exporter, is providing 5,635 tons to help ease a food crisis in North Korea.

The emergency supplies, arranged by the United Nations' World Food Programme, were being loaded aboard a Chinese freighter for shipment by the end of the week, a port agent in Bangkok said yesterday.

The UN agency paid for the rice with donations from the United States, Australia and the four Nordic countries.

North Koreans face possible starvation after the worst floods in the country's history devastated rice-growing areas last summer. North Korea's communist government, which for decades promoted the idea of national self-reliance, has made an unprecedented appeal for foreign aid to help avert a famine.

The World Food Programme arranged a first emergency shipment of 6,540 tons of low-grade rice, also from Thailand, last November.

Thailand Commits To Joining Geneva WTO Telecom Talks

BK1103072296 Bangkok BUSINESS DAY in English
11 Mar 96 p 1, 2

[Report by THE NATION's Trade and Telecom Teams]

[FBIS Transcribed Text] Thailand has committed itself to joining the World Trade Organization's multilateral talks on the liberalization of basic telecommunications services as it has upgraded itself from an observer to a full member.

The country's participation will enable it to fully exert its interests in the WTO's international service sector liberalization talks.

The International Economic Relations Policy Committee decided on Feb 26 to bring Thailand onto the world stage of telecom negotiations, according to a Commerce Ministry official.

Kroek-krai Chiraphaet, director-general of the Business Economics Department, explained that as Thailand will participate as a WTO member, once the international agreement on telecommunications services is concluded, the country will have to fully comply with the requirements.

Officials at the Transport and Communications Ministry said Thailand was reluctant to fully participate in the WTO talks as the local industry might not be ready to face open competition.

But the Thai government was concerned that key WTO members, especially the U.S. and the EU, will ultimately force most WTO members to endorse agreement, therefore Thailand might lose benefits if it does not become involved in the negotiating process.

Some 34 countries — the 15 European Union members are counted as one — are reported to have taken part in the talks, but only 19 have submitted offers ahead of this month's high-level bargaining session in Geneva.

During the Asia-Europe meeting held in Bangkok earlier this month, Sir Leon Brittan, vice president of the European Commission, urged the Asian nations to improve their offers to open their telecommunications markets in a bid to accelerate progress towards a global telecom deal before the April 30 deadline.

The European Union feared that the international telecommunications talks could fail unless other countries improve their proposals. The fears were

heightened when U.S. Trade Representative Mickey Kantor warned that the United States is prepared to walk away with no deal rather than accept what the administration considers the current inadequate offers.

The U.S. adopted the stiff approach last year in separate talks aimed at removing international trade barriers to financial services including banking, securities and insurance.

Last month, the U.S. offered to open its entire telecommunications sector in a bid to pressure other WTO members to improve their proposals.

The U.S. did not name any particular country, but it is said that Japan and a number of Southeast Asian and Latin American nations are in the United States' sights. Contentious issues to be raised at the upcoming WTO talks include procompetitive regulatory disciplines. These rules will restrain dominant telecom operators from abusing their market power and network ownerships to squeeze new entrants.

Thailand's regulations preventing the entry of foreign competitors are mainly found in the telegraph and telephone act, enacted in 1934. The law allows the government to monopolize the telecom sector.

Thai Defense Minister Returns From Visit to Singapore

BK0803145996 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 8 Mar 96

[FBIS Translated Text] Deputy Prime Minister and Defense Minister General Chavalit Yongchaiyut has returned from a visit to Singapore. During an interview with newsmen he said that he had a meeting with the prime minister, deputy prime minister, and defense minister of Singapore. Thailand has invited Singapore to attend the regional security forum to be hosted by the Thai Defense Ministry. The Singapore prime minister, however, would not be free to attend the meeting but would send a representative. Singapore, he said, praised Thailand for hosting the Asia-Europe meeting and for really contributing to the regional cause.

Thailand: Capabilities of Planned Military Satellite Detailed

BK0803035296 Bangkok BANGKOK POST in English 8 Mar 96 p 1

[Unattributed report: "What the Satellite Does"]

[FBIS Transcribed Text] The military satellite has two communications frequency bands:

The X band (for military use), for speech data and telegraph communications, with coverage of Thailand,

the ASEAN region and a third of the earth's surface; and

The KU-band, for direct broadcast TV and video distribution.

The armed forces would exclusively own and control the system, which would

- enable the command and control of security forces to be conducted anywhere within the coverage area;

- enhance the security of Thailand and its military and political effectiveness in the ASEAN region;

- implement, control and prioritize communications with Thai embassies and similar facilities;

- improve national and international co-ordination of land, sea and air operations resulting from integration of the satellite and terrestrial communications network;

- mean more effective and rapid control of land, sea and air operations, regardless of their geographic dispersal or the availability of terrestrial communications systems;

- enable rapid evaluation of air crashes, sea rescues, natural disasters, etc., and more effective fisheries protection, anti-piracy and anti-smuggling initiatives.

Thai Defense Ministry To Call Open Bid for Satellite Project

BK0803032896 Bangkok BANGKOK POST in English 8 Mar 96 p 1

[Unattributed report]

[FBIS Transcribed Text] The Defence Ministry has been forced into calling an open bid for its 26 billion baht communications satellite project in an effort to end the intense lobbying of its key officers by foreign companies vying for the contract.

Military sources said the decision was made on Wednesday [6 March] by a panel set up to study the feasibility of the satellite project.

The panel, headed by Defence Permanent Secretary Phaiyuan Emphan, made the decision after several members expressed concern that heavy lobbying could discredit the armed forces' image.

"These lobbying activities do not give the armed forces a positive image. On the contrary, they could tarnish our credibility and leave our armed forces in disarray," a general said.

He said during the meeting even Gen Phaiyuan admitted he had become a target of the lobbying groups.

The general said executives of several European space industry companies had visited Gen Phaibun regularly since it became known the military would launch the project.

The source said the Defence Ministry had initially planned to call for bids only after the Cabinet approved the project.

But because of the intense lobbying, the ministry decided to opt for an open bid ahead of a cabinet endorsement.

The military satellite system, named Star of Siam, is scheduled for launch in the year 2000. Once launched each satellite will provide 12 years service.

The Star of Siam system would comprise two satellites, two master control stations and a series of fixed and mobile ground terminals.

The second satellite will be launched three years after the first and will expire in 2015.

Defence Minister Chawalit Yongchaiyut, who initiated the idea in 1989 when he was supreme commander, will soon seek cabinet support for the project — the cost of which will be spread over 10 years.

The project is aimed at enhancing the armed forces' communications capability.

The in-orbit satellite will be able to cover an area one-third of the earth's surface — encompassing Thailand, the ASEAN region and the Indian Ocean and Western Pacific regions.

"Lobbying from companies in foreign countries have caused us a big headache. They have tried their utmost to contact key defence officers and members of the Cabinet hoping it will have influence over the decision-making process," said another senior defence officer.

Another panel member said a committee will be set up to supervise bidding and will soon send official letters to several countries including England, China, Israel, USA and France — all of which had shown interest in the Star of Siam project.

"The deal will be made only on a government-to-government basis and the Defence Ministry will allow a seven-month period, lasting until next September, for interested parties to send their applications," said the source.

Sources said British Aerospace Defence Ltd had shown a keen interest in the project since Gen Chawalit first floated the idea in 1989 and had provided consultancy to the armed forces.

The United Kingdom Ministry of Defence (UK MOD) has assisted the Thai authorities in defining requirements for the Star of Siam and the implementation of the project.

Sources said the armed forces had developed a "strong understanding" with British Aerospace and UK MOD over the past five years.

But since Gen Chawalit became defence minister last September other foreign companies have lobbied hard to get involved in the project.

"It was initially considered UK MOD will be selected by the armed forces to implement the project, but this is facing strong opposition (from certain foreign companies) at the moment," one source said.

The project has been criticised as being too costly at 26 billion baht.

Thailand: Current Account Deficit Jumps to 335.7 Billion Baht

*BK0603050596 Bangkok THE NATION in English
6 Mar 96 pp B1, B2*

[Report by Charuwan Loetwinyu and Usani Hararuk]

[FBIS Transcribed Text] Thailand's 1995 current account deficit soared to [Thai baht] Bt335.7 billion, a 65 per cent jump over the 1994 figure Bt203.2 billion, and Bt40.2 billion higher than initial projections, the central bank reported yesterday.

The much-awaited figure, showing how much more Thailand spent than it earned over the past year, was released yesterday in the Bank of Thailand's monthly press briefing, which was postponed from last Thursday after the government announced a two-day official holiday to allow for the Asia-Europe Meeting to be held in Bangkok.

Dr Bandit Nitthawon, director of the central bank's Economic Research Department, said the current account deficit figure was nowhere near the Bt295.5 billion forecast due to a conservative estimate for one major component — imports.

Bandit apportioned the blame for the astronomical increase on imports over the last two months of 1995 when capital goods, and car/auto part imports each soared to Bt25 billion in November and December, against import values of Bt9 billion per month for the rest of the year.

"This widened the trade deficit from the previous estimate of Bt334.5 billion to Bt378.7 billion at the last minute," he said.

But he refused to reveal what percentage of the Bt335.7 billion current account deficit was for the country's gross domestic product (GDP). The central bank's earlier estimate of Bt295.5 billion for the current account deficit was supposed to account for 7.1 per cent of GDP.

Although the central bank did release the GDP figure, as of December 1995, of Bt4.15 trillion, Bandit said this applied to the earlier estimate of the current account deficit. Since the deficit ended up Bt40.2 billion more than expected, the deficit increase is likely to boost GDP but the final figure has yet to be released.

The ratio of the current account deficit to the country's GDP is crucial. It shows how much the country spends compared to its earnings. On economic terms, a country should not suffer more than a 34 per cent deficit for more than three to four consecutive years. That is exactly the situation Thailand is facing now.

Beginning in 1990, Thailand's current account deficit was 8.5 per cent of GDP before slowing to 7.7 per cent, 5.7 per cent and 5.1 per cent in 1991, 1992 and 1993 respectively. The figure edged up again in 1994 to 5.6 per cent, and for 1995, the earlier estimate of 7.1 per cent may now be revised to around 8.1 per cent. So far, the country's overspending has not yet harmed Thailand's balance of payments thanks to the flood of net capital inflows which have helped finance overspending and the country's fiscal surplus for the past seven consecutive years.

Last year alone, net capital inflows rose from an estimate Bt486 billion to end at Bt546.6 billion.

An economist at a commercial bank, who asked not to be named, said the increased imports could raise 1995's GDP figure from the 8.6 per cent estimate to 8.8 per cent. Based on this assumption, the source said, the current account deficit for the past year would account for 8.1 per cent of GDP.

Bandit vehemently defended the rise of the current account deficit, saying it would not derail the country's monetary stability. He put all the blame on abnormally high import levels, of which capital goods and raw materials accounted for 45.4 and 29.2 per cent respectively of the total. The same source, meanwhile, said that with the change of the final figure for the country's current account deficit, all other projections for 1996 also need to be altered. The source said the central bank's estimate of a 6.5 per cent deficit for 1996 was unlikely. "A figure of seven per cent at the end of this year is more probable."

The source said yesterday's release did not surprise anybody since other financial institutions' year-end estimates were much more realistic than the central

bank's. "But we can still smile since official foreign reserves rose to US\$37 billion at the end of 1995."

Thai Central Bank Cautious Despite Hopeful Signs
BK0603051396 Bangkok BANGKOK POST
in English 6 Mar 96 pp 13, 24

[Report by Parista Yuthamanop]

[FBIS Transcribed Text] The Bank of Thailand will have to continue to cautiously implement monetary measures although some key economic indicators are showing positive signals so far this year.

Despite some encouraging trends, not all key indicators moved in the same favourable direction, said deputy governor Chaiyawat Wibunsawat.

For example, he said, import volumes declined sharply in January compared with December, by 5.7 billion baht to 158 billion baht. But export volume also decreased.

Fortunately, the decline in exports was minute, and that resulted in improving the trade and current account balances, according to Bandit Nitthawon, director of the Bank of Thailand's economic research department.

However, Dr Chaiyawat noted that it is still too early to say the current account balance is beginning to improve. "It will take a while before these improving figures bear fruit in improving the current account deficit."

Preliminary figures show that the current account deficit for 1995 was 335.7 billion baht — 40.2 billion baht higher than the central bank had forecast. The deficit is running at more than 7.1% of gross domestic product. The Government's declared policy is to bring the deficit to below 3.5% of GDP by 2000.

Mr Bandit said, however that the current account deficit will not pose serious problems because it will be offset by capital inflows. The central bank will maintain high interest rates to keep inflation and the current account deficit in check, he said.

He also maintained that the consumer price index of 7.4% for February was not alarming. The rate has been stable for three consecutive months, he noted.

However, the rate is still well above the Bank of Thailand's inflation target for the year of 4.9%.

Overall, Dr Bandit said, improving key economic indicators in the first month of the year show that the economy has been growing at a more stable rate.

The decline in imports in January reflects lower public consumption, and that is a significant positive sign, he said.

Looking at year-on-year trade figures, Dr Bandit said imports grew in January by 16.3% while exports expanded by 23.1%. "This is the first time in four months that exports grew at a rate greater than imports, and this means the Bank of Thailand is able to maintain stability in economic expansion."

Even while exports outpaced imports, increasing import volumes in the past month have been attributed to higher prices because of yen and Deutschmark appreciation.

The Government's collection of value-added tax, Mr Bandit said, also reflects stabilised spending, as it grew by only 13.3% year-on-year, a rate similar to the previous month.

Despite these encouraging trends, Mr Bandit said the central bank must better manage short-term foreign capital inflows, and implement further restrictions on consumption spending.

The central bank remains concerned that the influx of short-term foreign capital could bring about a fall in both deposit and loan interest rates, which could drive more consumption spending and increase inflationary pressure, he said.

According to Mr Bandit foreign capital inflows in January topped 90 billion baht, 74% of it in non-resident baht accounts. Some 30 billion baht of the foreign capital was used to finance the import of capital goods. So the excess liquidity in the money market was 60 billion baht.

The capital inflows brought Thailand's international reserves to US\$37.7 billion at the end of January, equivalent to 6.3 months of imports, slightly higher than at the end of last year.

For the whole 1995, exports increased by a satisfactory 24.3% while imports rose by 31.5%.

Last year's current account deficit may be higher than this year's because imports in 1995 included some expensive military hardware purchased by the Government, said Mr Bandit.

Thai Officials View Problem of Current Account Deficit

BK0803062996 Bangkok BANGKOK POST
in English 8 Mar 96 p 15

[Unattributed report]

[FBIS Transcribed Text] In the wake of confirmation that the current account deficit last year shot up to more than 335.7 billion baht or 8.1% of gross domestic product, authorities are scrambling for ways to solve the problem.

Deputy Prime Minister Annuai Wirawan said everyone concerned must work harder, while Bank of Thailand Governor Wichit Suphinit said the central bank has done all it could.

However, the central bank does not appear to have done all it could when it came to forecasting. It had projected the current account deficit at 295.5 billion baht — 40.2 billion below the final figure — or 7.1% of GDP.

Mr Wichit called on the Finance Ministry to implement more fiscal measures while pledging that the Bank of Thailand would continue to apply monetary measures as best it could.

Fiscal measures are needed to discourage consumption spending and to encourage the tourism and transportation industries, he said.

A ministry committee chaired by Permanent Secretary M.R. [Mon Ratchawong — royal title] Chatumongkhon Sonakun, is looking at what steps to take next.

Mr Wichit said the central bank and many financial institutions believe the Bank of Thailand has taken sufficient steps to slow inflows of short-term capital, one of the causes of the high deficits.

He said that if the Finance Ministry imposed taxes on gains from short-term funds, it would help brake the inflow of such funds.

However, Finance Minister Surakiat Sathianthai said some solutions are beyond the scope of the Finance Ministry's authority. For example, he said, the ministry has no power to implement measures to solve the deficit in the service account.

Dr Surakiat passed the buck to another committee chaired by Dr Annuai, who oversees economic policy. "(Reporters) should ask Deputy Prime Minister Annuai about this issue," he said.

M.R. Chatumongkhon's committee, the minister said, was concerned only with technical problems.

Dr Surakiat defended the ministry's fiscal measures to date. "For example, we have set balanced budgets for the Government in the fiscal years of 1996 and 1997."

But Dr Annuai said all parties concerned bore responsibility for jointly working on the deficit. He said the Bank of Thailand must do more to control commercial banks' lending, which is too high at three trillion baht a year.

He also called for commercial banks to stop extending loans for non-essential projects.

Dr Amnuai said that the Government's expenditure budget of 800-900 billion baht a year is petty when compared with credit extended by the banking system.

Although the current account deficit last year was much higher than the target, the central bank remains confident in the stability of the economy, and that economic growth this year should slow, Dr Amnuai said.

Dr Surakiat, meanwhile, said he had instructed the Bank of Thailand to analyse the causes attracting large amounts of short-term funds.

Although local interest rates are much higher than those overseas, he is not convinced this is the real cause.

Even though the interest-rate spread will attract foreign investors, rates in Thailand must remain high to prevent economic overheating, he said.

No country can solve its current account deficit in one year, the minister said. The Government has pledged to reduce the deficit to 3.5-4% of GDP by 2000 and is still on track, Dr Surakiat said.

Thai Officials Discuss Current Account Deficit Solutions

BK0903114296 Bangkok BANGKOK POST
in English 9 Mar 96 p 13

[Report by Parisa Yuthamanop and Chatrudi Thepharat]

[FBIS Transcribed Text] The Government should make it harder to borrow money offshore as part of its war on the current account deficit, Bank of Thailand Governor Wichit Suphinit said yesterday.

This could be done by raising the withholding tax rate on short-term offshore funds, he said. Many Thai-based companies have been obtaining financing abroad at significantly lower interest rates, a phenomenon that contributed significantly to the current account deficit last year.

Despite the central bank's tight-money policy and other measures taken by the Government, the country's current account last year was 335.7 billion baht in the red, equivalent to 8.1% of gross domestic product.

That was 40 billion baht more than the amount forecast by the central bank, which believed the figure would come in at 7.1% of GDP. The Government maintains that it is on course to bring the deficit down to 3.5% of GDP by 2000.

Mr Wichit has maintained that the central bank is doing what it can by way of monetary policy, which consists mainly of trying to keep the country's commercial banks on a short leash.

But the Government needs to do more by way of fiscal policy to help the central bank do a more effective job, he said.

A Finance Ministry committee, chaired by Permanent Secretary M.R. (Mom Ratchawong - royal title) Chatumongkhon Sonakun, is studying solutions and it should be ready with concrete measures, said Mr Wichit.

"The taxation measure is not in conflict with Government policy to encourage Thailand to become a regional financial centre, or with the liberalisation of investment," he said.

Singapore, which is considered a major financial hub also taxes offshore loans to control capital inflows, he said.

The tax would not discourage economic growth, as it would apply to short-term inflows, particularly funds that stay in the country for less than one year.

Finance Minister Surakiat Sathianthai said he was concerned about how such a tax would affect the economy and whether it would really deter offshore borrowing.

He said he thought the central bank's decision to make commercial banks raise their cash reserves for non-resident baht accounts from 2% to 7% was more effective.

In a related development Deputy Prime Minister Amnuai Wirawan, who oversees economic policy, has asked the Bank of Thailand to complete an analysis of import and export projections within two months.

The analysis will be focused on the impact of export and import values on the current account deficit. It might also help answer questions about why the 1995 deficit forecast for so off-base. The central bank has said that import values were much higher than it had expected.

He said he wants to get a better fix on the amount of imports of capital goods and raw materials used to produce goods for export.

The central bank said exports last year totalled 1.39 trillion baht, 24.3% higher than in 1994, while imports rose 21.5% to 1.77 trillion baht.

Vietnam

SRV Ministry Reviews Repatriates Support Program With Germany

BK0903112696 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 7 Mar 96

[FBIS Translated Text] The Ministry of Labor, War Invalids, and Social Welfare; the Vietnam Industry

and Commerce Bank; and a delegation from Germany's Ministry for Economic Cooperation recently held a conference to review the implementation of the Vietnamese-German program, which provides financial support to Vietnamese repatriates who formerly worked in Germany.

According to the agreement, the German side will loan Vietnam 13 million German marks, while the Vietnamese side will contribute the Vietnamese dong equivalent of 9 million German marks. To date there have been 997 loan projects totalling over 110 billion dong. These projects have created employment for 14,000 people.

SRV: Tran Duc Luong Thanks Asian Development Bank for Assistance

*BK1103093796 Hanoi Voice of Vietnam in English
1000 GMT 7 Mar 96*

[Station Commentary]

[FBIS Transcribed Text] Deputy Prime Minister Tran Duc Luong said Vietnam appreciates the assistance it has received from the Asian Development Bank in recent years. Our commentator has more to say about Asian Development Bank's assistance for Vietnam's renovation, as an Asian Development Bank, or ADB, delegation is visiting Vietnam.

The ADB delegation is being led by the head of its department of infrastructure and private development, John Taylor.

Mr. Taylor told Deputy Prime Minister Tran Duc Luong of ADB's strategy in Vietnam with a focus on assistance to the private sector in 1996. He reaffirmed that ADB loans to Vietnam would be spent on upgrading infrastructure especially Highway 1A.

The ADB delegation's working mission in Vietnam is a further step in helping Vietnam boost its economy. Vietnam and ADB have been working together before the U.S. embargo was lifted in early 1994. In 1991, ADB joined efforts with relevant Vietnamese branches to start appraising four projects eligible for loans once the U.S. embargo was lifted. They were projects to upgrade irrigation system of the Red River valued at \$80 million, a \$65-million project on water supply for Ho Chi Minh City, a \$25-million project to enlarge the Saigon Port, and another of \$120 million to upgrade Highway 1A.

The ADB and the Vietnamese Government have agreed to a number of technical assistance projects, many of which have been approved including temporary loan providing programs in the 1993-94 period. These

projects will greatly contribute to national development cause in Vietnam.

SRV Spokesman's Views on Border Issue With Cambodia Cited

*BK0803151396 Hanoi Voice of Vietnam in English
1000 GMT 8 Mar 96*

[Station Commentary]

[FBIS Transcribed Text] Much has been said about the tense situation at the border region between Vietnam and Cambodia. Some foreign sources report that the situation has been tense, but in fact it remains quiet. Our radio commentator has more to say.

[Words indistinct] questions raised by foreign media representatives on Thursday, a spokesman of the Vietnamese Foreign Ministry said: There was nothing serious happening in the region. The Vietnamese side has been strictly observing all agreements reached by leaders of Vietnam and Cambodia, and solving pending border issues between the two countries. The [word indistinct] establishment of a mechanism from central to grassroots level to solve border issues.

The two sides also agreed to set up an expert working group to work on border delineation. Vietnam unilaterally proposed that the first meeting of the working teams be from 18-24 March in Phnom Penh, and was expecting an answer from the Cambodian side. Prime Minister Vo Van Kiet was also prepared to meet with his Cambodian counterpart, Prince Ranariddh, to discuss questions concerning the common border. It is a pity that Mr. Vo Van Kiet could not meet the Cambodian prime minister in Vientiane in early March as proposed by the Cambodian prime minister.

At this time Prime Minister Vo Van Kiet is busy with the ninth session of the National Assembly, and Vietnam is also preparing for the coming party Central Committee meeting. Prime Minister Vo Van Kiet proposed to meet his Cambodian counterpart at another time in Ho Chi Minh City or any other place in southern Vietnam. If the Cambodian prime minister prefers to meet in Vientiane, Prime Minister Vo Van Kiet of Vietnam will try to arrange a suitable time for both sides.

SRV: Malaysian Prime Minister's Visit Hailed

*BK0803133896 Hanoi Voice of Vietnam Network
in Vietnamese 1430 GMT 7 Mar 96*

[Station commentary]

[FBIS Translated Text] During the past several years, the cooperative relations between Vietnam and Malaysia

SOUTHEAST ASIA

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have been constantly strengthened, benefiting both peoples and the region as a whole. The second working visit to Vietnam by His Excellency Prime Minister Mahathir Mohamed and a number of Malaysian businessmen, which started today, is a new contribution to the friendly and cooperative relations between Vietnam and Malaysia. On this occasion, the editor of Voice of Vietnam Radio has an essay on the friendly and cooperative relations between Vietnam and Malaysia which follows:

While pursuing an independent and self-reliant foreign relations policy and the expansion of diversification and multilateralization—with priority given to the development of multilateral friendly and cooperative relations with Southeast Asian countries—Vietnam highly regards its relationship with Malaysia. It is quite reasonable to confirm that relations between the two countries have been continually expanding in recent years through many friendly and cooperative activities in various fields. First, we should mention the increasing number of high-level and unofficial delegations that have been exchanged between the two countries to study each other's experiences.

Party General Secretary Do Muoi, Prime Minister Vo Van Kiet, Deputy Prime Ministers Phan Van Khai, Nguyen Khanh, and Tran Duc Luong, and many other party and state leaders have visited Malaysia. In return, the king of Malaysia, Prime Minister Mahathir Mohamed, the deputy prime minister, and many other Malaysian leaders have visited Vietnam. These visits strengthen mutual understanding and trust, and boost cooperative relations, especially in trade and investment between the two countries, for the benefit of the two countries as well as for the general development of the region.

Malaysian investment in Vietnam currently ranks seventh after the countries and territories of Taiwan, Hong Kong, France, South Korea, Australia, and Japan, and reached over \$860 million by the end of January 1996. Malaysia is one of the countries that has been successful at setting up processing zones and maintaining a stable financial system and prices with a low inflation rate. World Bank investment has reached 35 percent of the gross national product of 1991, after South Korea, Thailand, Russia, Singapore, and China.

Malaysian leaders have welcomed Vietnam's joining ASEAN and normalizing its relations with the United States and have encouraged Malaysian investors to come and invest in Vietnam. The number of large companies from Malaysia coming to Vietnam has been increasing in recent years. In particular, the Petronas Oil and Gas Company has invested \$25 million in capital in a joint venture with PetroVietnam to exploit the Dai

Hung oil field. In the area of establishing processing zones, a major Malaysian construction company has used its astute experience in choosing business locations to set up an economic processing zone in Danang with investment capital of \$1.5 million; the zone will serve as the foundation for over 100 Malaysian companies that are looking for business opportunities here.

Alongside Australia, Malaysia is cooperating with Ho Chi Minh City's post and telecommunications sector in the use of telephone cards in the telephone system. The Uniphone company is considering a nationwide expansion plan in which Hue, Danang, Vung Tau, Hanoi, and Haiphong will be the next centers after Ho Chi Minh City. In aviation, Malaysia already has a ticket sales office in Ho Chi Minh City. Malaysian ships come to Haiphong Port five to seven times a week, and many other companies also have plans for important projects in Vietnam.

Vietnamese-Malaysian trade relations developed strongly in recent years. Vietnam and Malaysia did not have direct trade relations in the late 1970's and early 1980's. By the mid-1980's, state and private trade companies in the two countries began to establish contacts and trade relations, but the total trade volume was low. Time has helped the businessmen of the two countries better understand each other, as well as each other's market and potential, and trade turnover has been increasing steadily. Two-way trade turnover in 1995 reached \$360 million, or 34 percent higher than in 1994. The increase was caused by Malaysia purchasing more rice from Vietnam, while Vietnam has had a high demand for Malaysian machinery and equipment.

Cultural, social, and art relations between the two countries have also been expanded, with many exchanges of art troupes from both countries and interaction between representatives in the cultural field. Malaysia helps to train many Vietnamese students, and representatives from the Malaysian and Vietnamese national universities recently signed a memorandum of understanding on training cooperation between the two universities.

This is the second visit by Prime Minister Mahathir Mohamed to Vietnam. Accompanying the prime minister are many ministers and deputies ministers in the foreign trade, culture, and tourism fields, as well as about 100 businessmen. Through this working visit by Prime Minister Mahathir Mohamed, Malaysian-Vietnamese relations will surely be strengthened further, which corresponds well with the aspirations of the two peoples.

SRV: Malaysia's Mahathir Attends Ceremonies in Hanoi 8 Mar

BK0803154196 Hanoi VNA in English
1438 GMT 8 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 8—Prime Minister Mahathir Mohamad of Malaysia today attended a ceremony to start the construction of the Noi Bai Export Processing Zone in Soc Son District on the outskirts of Hanoi.

The Malaysian PM, who has been here since March 7 for a three-day official visit, said at the event that Malaysia is prepared to share with Vietnam experiences it gained in the economic sectors where Malaysia has strength and Vietnam needs assistance.

The Noi Bai Export Processing Zone, the sixth in Vietnam, is a joint venture project between the Kinta Kellas Company from the Renong Group of Malaysia and the Hanoi Industry Construction Company.

Construction of the 100-hectare zone will cost USD [U.S. dollar] 30 million and be carried out in two phases. An export processing area completed with an entertainment complex, a golf course, and [word indistinct] Noi Bai City will be completed in the first phase by late 1996, with the second phase due to be finished in 1999.

Also today, the Malaysian prime minister attended the opening ceremony for the Malaysian Maybank's Hanoi branch and a ground breaking ceremony of the five-star Vinas Sheraton hotel covering an area of 18,000 square metres in the west of Hanoi by Faber Group of Malaysia and Vietnam's Ho Tay Company.

Mr. Mahathir Mohamad called at the Hanoi rep. office of Petronas and the central television station where he witnessed the signing of a cooperation agreement between the Vietnam Television and Vina Bumi Company of Malaysia.

The Malaysian PM, his wife and entourage, will leave here tomorrow for the central Province of Quang Nam-Da Nang and Ho Chi Minh City.

SRV: Malaysia Launches Export Processing Zone
BK0903122296 Kuala Lumpur THE STAR in English
9 Mar 96

[Report by Mergawati Zulfakar — received via Internet]

[FBIS Transcribed Text] Hanoi — Prime Minister Datuk Sri Dr Mahathir Mohamed has called on more Malaysian companies to take advantage of the dynamic Vietnamese market.

He said more Malaysian corporations should emulate the others who had gone into manufacturing, infrastructure development, hotels, and tourism in Vietnam.

Malaysia was willing to share its experiences in all areas, including economy, commerce, investment, tourism, infrastructure, and technology with its Vietnamese neighbour, he said when performing the ground-breaking for the Noi Bai Export Processing Zone (EPZ), 40 km from here, yesterday.

The US\$30 million (RM [Malaysian ringgit] 76 million) EPZ is a joint venture between Vista Spectrum Sdn Bhd [private limited] and the Hanoi Industrial Construction Company.

The project, which also includes the Noi Bai Golf Resort and Noi Bai City, was conceived during Dr Mahathir's visit here in 1992.

Dr Mahathir, who arrived here on Thursday, is on a three-day working visit. Malaysian investments in Vietnam have increased significantly since Dr Mahathir's last visit, from US\$180 million (RM457 million) to US\$860 million (RM2.18 billion) last year.

The Prime Minister said Vietnam's entry into ASEAN last year saw investments from member countries soaring to US\$3.17 billion (RM8.05 billion) involving 165 projects. At another function, the Prime Minister opened the Maybank Hanoi branch which started operations last October.

Dr Mahathir said with Vietnam experiencing strong economic growth, there would be a demand for more banking services.

He said the setting up of the branch was in line with the Malaysian Government's policy to encourage the corporate sector to expand operations to developing countries, particularly in this region.

"It is Malaysia's belief that by contributing to the growth of these countries, Malaysia will benefit in many ways," he said.

**SRV Paper Publishes National Assembly
Communique No. 2**

BK0803145196 Hanoi NHAN DAN in Vietnamese
5 Mar 96 pp 1, 3

["Communique No. 2" issued by the ninth Session of the ninth National Assembly in Hanoi on 4 March]

[FBIS Translated Text] On 4 March 1996, under the direction of National Assembly Vice Chairman Phung

Van Tau, National Assembly deputies held group debates on the draft law on cooperatives during the morning and worked in the conference hall during the afternoon to discuss the draft law on minerals.

A total of 12 deputies presented their views. They included Pham Quang Du (Ho Chi Minh City), Nguyen Trong Khanh (Vinh Phu), Tran Ha Anh (Lam Dong), Lu Van Xiet (Thanh Hoa), Nong Hong Thai (Cao Bang), Nguyen Khac Tao (Ha Tinh), Hoang Dinh Cau (Ha Tay), Nguyen Viet Dung (Ha Bac), Bui Cong Minh (Tra Vinh), Nguyen Dang Lam (Quang Nam-Da Nang), Nguyen Ngoc Tran (An Giang), and Vuong Thi Nghi (Lao Cai).

Most of the deputies concurred with the necessity and rationality of the promulgation of the Law on Minerals and focused on the following issues:

- Name, questions, and scope of adjustments;
- Management and measures to protect and make rational use of natural resources and minerals;
- Rights of the people living in mineral deposit areas;
- Small-sized exploitations;
- Encouragement and investment in mineral exploration and processing;
- Taxes applied to mineral exploitations;
- Inheritance and transfer of licenses for mineral activities; and
- The use and protection of existing infrastructure facilities in support of mineral activities.

The deputies also presented many views on the wording and terminology used in the Law on Minerals.

On behalf of the Draft Law Compiling Committee, Comrade Gia Tan Dinh, deputy minister of Industry, clarified a number of issues relating to the transfer of licenses for mineral activities, land lease, and small-sized exploitations.

On 5 March 1996, the National Assembly will continue to debate these two draft laws in the conference hall.

SRV National Assembly's 8 Mar Proceedings Reported

BK0803141996 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 8 Mar 96

[Report on the 8 March session of the ninth National Assembly in Hanoi]

[FBIS Translated Text] Delegates to the ninth session of the ninth National Assembly worked in the conference hall today to debate the government supplementary report on the situation with regard to the completion of the 1995 tasks and the implementation of the 1996 tasks.

The deputies heard a report presented by the minister of finance on the draft law on the state budget and an investigative report delivered by the chairman of the Economy and Budget Committee on the draft law on the state budget.

In contributing their views on the supplementary report on the situation with regard to the completion of the 1995 tasks and the implementation of the 1996 tasks, the deputies maintained that the economic situation in 1995 was stable, as manifested by the fact that prices, including the value of gold and dollars, did not increase. They analyzed, however, the reasons for the 1995 state budget collection shortfall. Many deputies maintained that this was caused by prolonged debt insolvency and the failure to make timely adjustments to an already impractical state budget revenue collection plan. Furthermore, the lack of efforts to improve the tax collection systems adopted by grass-roots establishments and customs services has led to smuggling and tax collection shortfalls in a number of sectors. Collection shortfalls did occur in some localities, despite the fact that the likelihood of tax collection was good.

The deputies held that the state must reorganize the tax and finance money management sectors and carry on import-export tax adjustments in order to improve this situation in 1996. Furthermore, they maintained that joint ventures should not be exempt from paying taxes on imported construction materials. They stressed, however, the need to do away with the situation in which taxes are imposed on the same type of goods. According to some deputies, there is a very wide gap between the wage system of local business establishments and that of joint ventures with foreign countries, and the wage scales of village or ward cadres and of school teachers in deep or remote areas which are still very low. Budget allocations from the finance and treasury sectors to support capital construction in the educational sector in particular, and other sectors in general, are made in a roundabout and complicated manner, thereby easily leading to negativism.

Regarding social issues, many deputies maintained that due attention must currently be given to the organization of festivals to prevent a number of people from taking advantage of religion to practice business based on superstitions. The educational sector still displays many shortcomings. Many children in deep or remote areas are deprived of educational opportunities. Though the state has worked out a policy toward education in the mountain regions and with ethnic minority children, greater efforts are needed to step up its implementation. The state must increase funding for university education and scientific research institutes in 1996 and subsequent

years. State business establishments must work out policies to hire graduate college students.

Also at this afternoon's session, the deputies heard the following: a report presented by Finance Minister Ho Te on the draft law on the state budget, and an investigative report presented by Ly Tai Luan, chairman of the Economy and Budget Committee, on the draft law on the state budget.

The National Assembly deputies will hold group debates on the draft law on the state budget tomorrow.

SRV National Assembly Issues Communiqué No. 6

BK0803155196 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 8 Mar 96

["Communiqué No. 6" issued by the ninth Session of the Ninth National Assembly in Hanoi on 8 March]

[FBIS Translated Text] On 8 March 1996, the National Assembly continued to debate the government supplementary report on the completion of the 1995 tasks and the implementation of the 1996 tasks in the conference hall under the direction of National Assembly Chairman Nong Duc Manh.

Altogether, 19 deputies presented their views. They included Mua Thi My (Lai Chau), Phan Lam Phuong (Quang Binh), Do Quoc Hung (Ba Ria-Vung Tau), Tran Thi Le Thu (Binh Dinh), Le Minh Chau (Dong Thap), Nguyen Thi No (Khanh Hoa), Vu Quan Phuong (Hanoi), Nguyen Ngoc Hai (Haiphong), Bui Bich Lien (Lam Dong), Vo An Bang (Dac Lac), Ha Van Doi (Vinh Phu), Ha Quang Chuan (Hoa Binh), Y Xuoi (Kon Tum), Hoang Duc Hy (Tuyen Quang), Vo Hung Dung (An Giang), Duong Khanh Lam (Bac Thai), Nguyen Van Tu (Dong Nai), Ha Thi Thu Suong (Quang Nam-Da Nang), and Nguyen Van Hieu (Ha Tay).

The deputies continued to take into account the achievements in all domains in 1995 and suggested many important solutions to successfully implement the 1996 tasks set forth by the National Assembly's resolution. They focused on the following issues:

- State budget revenue collection and spending appropriations;
- Measures to increase revenue collection, reduce spending, and check inflation;
- Control over the operations of tax agencies and measures to ensure fulfillment of tax collection target;
- Provision of capital to boost production and support hunger eradication and poverty reduction and the 327 programs;
- Consideration for the provision of funds to support capital construction;

- Policies on priority investment in infrastructure construction and on the construction of communications and water conservancy projects and power supply networks in the countryside and high-altitude or remote areas;
- Policies on the stabilization of market prices of a number of important goods;
- Measures to resolve the unemployment problems;
- Policies on preferred treatment for individuals who render meritorious services;
- Measures to improve the quality of educational and health care services in the various localities;
- Measures to promote the movement for thrift, the campaign against corruption and smuggling, the struggle against social vices, and the drive to promote educational activities and public awareness of the need to respect laws and regulations; and
- Enhancement of the efficiency of state management agencies, streamlining of administrative management mechanisms, and improvement of the wage system.

In summing up the discussions, National Assembly Chairman Nong Duc Manh presented a number of views on important issues relating to the successful implementation of the 1996 tasks.

In the final part of the afternoon session, the National Assembly heard the following:

- On behalf of the government, Finance Minister Ho Te presented a report on the draft law on the state budget and
- Ly Tai Luan, chairman of the National Assembly's Economy and Budget Committee, presented the committee's investigative report on the draft law on the state budget.

The National Assembly deputies will hold group debates on the draft law on the state budget and the draft law on fees and charges tomorrow, 9 March.

SRV National Assembly's 9 Mar Proceedings Reported

BK0903150296 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 9 Mar 96

[Report on the 9 March proceedings of the ninth National Assembly in Hanoi]

[FBIS Translated Text] Today the National Assembly deputies broke into groups to discuss the draft budget law. The National Assembly deputies have discussed the draft law twice before, at the fourth and eighth sessions. The draft state budget law, which is to be formally submitted to the National Assembly, has been amended following many rounds of consultations with

the National Assembly Standing Committee. It also took into account the suggestions of the National Assembly deputies, sectors and echelons, and localities.

The draft state budget law, which has eight chapters and 68 articles, is well-structured. Its contents accurately reflect the stance of the state on budget management task in the renovation period. The general opinion of most National Assembly deputies was that the National Assembly needs to pass the budget law at this session, because it will help accelerate economic, cultural, and social development, consolidate national defense and security, nurture and develop the human factor, and implement the strategies of industrialization and modernization.

SRV National Assembly Delegation Concludes Cuba Visit

*BK1103090596 Hanoi VNA in English
0715 GMT 11 Mar 96*

[FBIS Transcribed Text] Hanoi VNA March 11 — A delegation from the National Assembly's Commission for External Relations headed by its Vice President, Nguyen Thi Ngoc Phuong, has recently concluded a four-day visit to Cuba.

The visit was made at the invitation of the External Relations Commission (ERC) of the National Assembly of Cuba.

While there, the Vietnamese guests had working sessions with a delegation from the ERC of the National Assembly of Cuba led by its vice president Lazaco Barrero, and president of the Health and Environment Commission of the National Assembly of Cuba, de la Torres. They were also received by Cuban National Assembly Secretary Ernesto Soarez, and called at some health clinics and research institutions.

At these working sessions, both host and guests expressed their determination to cement the time-honoured friendship and cooperation between the legislative bodies of Vietnam and Cuba.

SRV: Do Muoi Addresses Social Science Center

*BK1103023396 Hanoi NHAN DAN in Vietnamese
2 Mar 96 pp 1, 3*

["Text" of speech by Vietnam's General Secretary Do Muoi to the Party Congress of the National Center for Social and Human Sciences in Hanoi on 29 February]

[FBIS Translated Text] Dear comrades: On the occasion of the party congress of the leading research organ in social and human sciences, I would like to convey warmest regards from the Central Committee of the Communist Party of Vietnam to the professors, cadres,

and employees of the National Center for Social and Human Sciences [NCSHS].

Over the past ten years, and especially during the 1991-95 period, the party organization of the NCSHS performed its leadership role notably well and created great progress in all activities of the center. It maintained its internal unity, and carried out many successful social science programs at national levels. You have always carried out seriously all assigned tasks; organized a number of important research projects; and contributed positively to the drafting of documents for the central-level party congresses, the mid-term National Conference (seventh office term), the 1992 Constitution, and various draft laws, as well as the documents that will be submitted to the upcoming eighth National Party Congress.

Your center has also implemented fundamental socioeconomic research in many localities, research on languages of ethnic minorities, archaeological excavations, and research that clarifies scientific and realistic evidence confirming our national sovereignty.

In recent years, you have paid appropriate attention to the tasks of research, discovery, collection, and exploitation of the historic values of the Vietnamese culture and civilization. You have encouraged patriotism and people's pride, and contributed to the education of national heroic traditions for the younger generations. Your center's publications dealing with literature, history, archaeology, sociology, law, economics, dictionaries, information, and so forth are positive contributions to the development of our national science and culture. All projects regarding research, preservation, exploitation, translation, publication of archaic documents, and the discoveries of national cultural relics help the people understand more thoroughly the traditions of our civilization.

I heartily compliment you for your past achievements. I welcome your center's efforts to overcome slowness in bringing our social and human sciences up to par with the rest of the world. I welcome your efforts in responding to the demands of our country's development.

In order to assist you in your discussions of the documents of the eighth National Party Congress, and in your center's duties and tasks in the period to come, I would like to refer to a number of issues that are important to your center and to all social and human scientists nationwide.

After ten years of implementing the renovation undertaking, we have reaped major achievements of great significance, bringing our country out of its socioeconomic

crisis into a new development stage — industrialization and modernization. The general objective of this stage is the following: On the basis of thoroughly understanding the two strategic duties that are building socialism and protecting the fatherland, within the next several decades, from now to 2020, we will strive to turn the country to an industrialized country that possesses modern material and technological bases, logical economic structures, progressive production relations, coupled with highly developed production forces, rich material and cultural living standards, firmly protected national defense and security, and prosperous people, a strong country, and equitable and advanced society.

In order to work with the people to fulfill that goal, the scientists need to meet unprecedented requirements and carry out formidable duties. They now enjoy great opportunities to develop their intelligence, capacity, and experience for the cause of national industrialization and modernization, which is our important undertaking in this late century and in the early decades of the next century.

These scientists, beginning with you here in this center, must satisfactorily fulfill their fundamental and important function and duty of studying, exploring, and providing scientific theories for the party and state to outline lines, guidance, and policies. You comrades must pay special attention to the fundamental research [nghieen cuwus cow banr], attach the fundamental research to practical research, review concrete results in a profound manner — especially the results of the ten-year renovation — and selectively adapt experiences from other countries to solve our practical problems in all fields and to ensure our development process moves in the socialist direction.

Social and human science studies must concentrate on exploiting the values of the Vietnamese literature, history, culture, and civilization as created by our predecessors, because these are permanent and unique values of national characteristics. They reflect the vitality of our nation and have been created over thousands of years of national construction and protection, fighting against natural calamities and dangerous enemies, and building our country. They are valuable cultural and spiritual heritages that this generation and subsequent ones must inherit and develop. As our beloved Uncle Ho said: "The Hung kings created the country. We must protect it."

You comrades need to pay more attention to the study of the Vietnamese people's culture, spirit, and characteristics. Culture is a spiritual foundation for society. It is an internal factor of paramount importance for every country and nation. It is a driving force for socioeconomic development, which is a goal of socialism. Culture is

always linked closely to economy and society. The central duty of our culture is to contribute to the building of morality, intelligence, physical conditions, spirit, affection, lifestyle, and characteristics for the Vietnamese people with great patriotism, good knowledge and working capacity, strong willpower, with the determination to extricate ourselves from starvation and poverty and successfully carry out the undertaking of national industrialization and modernization. We should provide everyone with a job, food, clothing, and an education. The people should have a comfortable material and spiritual life, and live in a happy, prosperous, equitable, and benevolent society, and in a strong and civilized country. We must also preserve our national cultural characteristics and acquire the quintessence of the world culture in the process to integrate into the current progressive movements of the world.

We also need to intensify political stability, strengthen the society, strengthen national defense and security, criticize deviant tendencies, and resolutely fight against and frustrate all conspiracies and actions against the Vietnamese fatherland of socialism. We must also fight against the embezzlement of public property, waste, bureaucracy, and other negative phenomena and push back social evils that destroy our cultural characteristics, spiritual values, and fine traditions and customs. We must actively prepare the conditions needed to develop the Vietnamese culture in the complete national development.

You comrades must strive to study for the protection, creative application, and development of Marxist-Leninism and Ho Chi Minh thought in our country. You must contribute practically to provide the answers for current logical and practical issues in our renovation process. These following issues are important ones: The relation between the market and socialism, economic development with social justice, the production force, and the production relationship in the transitional period to socialism in our country, culture and development, the nation and the current era. These issues also refer to the construction of the legislative state of Vietnam of the people, by the people, and for the people; the leading role of the state-run economy, the construction of the cooperative economy and cooperatives in the new condition, the development of all forms of state capitalist economy, and the economic forms of combined ownerships. We must continue to liberate the production force, encourage all economic sectors and people from all walks of life to practice thrift for more production investment and better business, strive to eliminate starvation and reduce poverty, encourage legal amassing of wealth, fight against illegal business practices, and so forth. The result of the study on the aforementioned issues will

further clarify and concertize the path to socialism in our country, especially in the multi-sectorial commodity economy moving in the market-oriented structure with the state management under the socialist direction.

It is necessary for you to cooperate with the National Natural Science and Technology Center, universities, and other research institutes. At the same time, you should attach due importance to scientific cooperation with foreign scientific institutions to broaden scientific information exchanges, especially now that modern science and technology are developing by leaps and bounds. This will enable us to constantly increase the potential of our Vietnamese science, meet the growing demands of national defense and construction, and respond to our country's scientific development needs. You should enrich your knowledge by drawing experience from our country's realities and also by learning from the scientific-technological breakthroughs and the quintessence of the world civilization. Nonetheless, you must apply these innovations in a selective and creative manner and must refrain from imitation and dogmatism.

One of the important and pressing needs that our social science and humanity sector must meet in order to fulfill the aforementioned arduous tasks is to make due efforts to train, foster, and make good use of the contingent of cadres, bearing in mind the need to give equal attention to all branches and trades and touch on all aspects of social life. Over the past years, post-graduate cadre training has been stepped up, however, the results are very low compared with actual requirements. This requires us to make even greater efforts. Besides systematic formal instruction, you should make an extra effort to acquire self-taught knowledge and should organize refresher courses based on real life situations. It is necessary to stay close to grass-roots establishments, take into account real life situations in both the urban and rural areas, and learn from the operations of production and business institutions of different economic sectors. It is important to link science with production and social life. I have learned that in the past several years, your center and many provinces have jointly organized symposiums on applied sciences. That is good and needs to be stepped up in the days ahead.

The eighth Congress has very important significance because it marks a step forward by our party and people in the struggle for national independence and socialism. We must avail ourselves of all advantages and new opportunities in the days to come. At the same time, we must strive to overcome all dangers, difficulties, and challenges. By upholding the tradition of great national unity and the spirit of independence, sovereignty, and self-sufficiency and self-reliance, our entire party, peo-

ple, and army will score even greater achievements. The contingent of intellectuals in our country has been endowed with patriotism and has made worthy contributions to the common national cause through different stages of the revolution. Nowadays, faced with the great requirements of the new revolutionary stage, the contingent of intellectuals in our country is determined to develop that tradition and bring into full play its talent and wisdom to serve the fatherland and people, thus positively contributing to making that lofty goal come true.

It is my hope that at this congress, you will develop democracy, participate actively in discussions, and contribute suggestions to the draft documents of the eighth Congress, thereby turning the results of the congress into the products of the wisdom of the entire party and people. It is also my hope that you will hold thorough debates to define the orientations and tasks of your center in the days ahead and work out prompt measures to implement the resolutions of the eighth Congress and develop to the fullest extent the potential of your center as well as of each element and each individual, thereby making worthy contributions to the common cause of our party and people.

It is my hope that your congress will be crowned with success. I wish each and every one of you good health, happiness, and creative work.

SRV: Do Muoi Visits Electronic Joint Ventures

BK1103091596 Hanoi VNA in English
0636 GMT 11 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 11 --- Party General Secretary Do Muoi yesterday called on Orion-Hanel and Daewoo-Hanel electronics companies, two joint ventures between the Hanoi Electronics Company (Hanel) with subsidiaries of the Daewoo Group of South Korea, in Sai Dong on the outskirts of Hanoi.

The party leader was accompanied by Secretary of the Hanoi Party Committee Pham The Duet and chairman of the Hanoi People's Committee Hoang Van Nghien.

During the visit Do Muoi was briefed on the construction and operation of the two companies as well as on their initial encouraging achievements. He hailed the efforts made by all partners to ensure the tempo of construction, putting the two companies into operation on time, helping to solve a local employment problem and increase exports.

The Orion-Hanel Company was licenced in January 1993 and built in 18 months with total investment capital of USD 178 million. In the first 10 months of operation, it produced nearly 200,000 TV tubes, with

two thirds exported, earning USD 7 million. This year it plans to produce more than two million picture tubes worth more than USD 95 million.

The Daewoo-Hanel Company is a smaller venture with USD 52 million investment capital. It started operation in October 1995, tuning out two main products, colour TV sets and refrigerators. The company will also produce washing machines and electronic accessories in the future.

SRV: Do Muoi Addresses Hanoi Enterprise Workers

*BK0803145096 Hanoi LAO DONG in Vietnamese
3 Mar 96 pp 1,2*

["Excerpt" of Party General Secretary Do Muoi's address to the employees of the Hanoi Locomotive Enterprise in Hanoi on 23 February]

[FBIS Translated Text] The working class and trade union organizations have made very important contributions to the great achievements of our people. The working class in our country has always demonstrated its firm political stance and realized its role and historic mission. Even though it knew that restructuring could temporarily affect its interests, the working class has taken the lead in eliminating the management mechanism based on bureaucratic centralism and subsidization and has enthusiastically responded to the campaign for production and personnel reorganization in the state sector. With regard to the renovation undertaking, the working class has manifested its fine nature by placing its interests after the common interests of the nation and people. In keeping with the pace of progress countrywide, a very large number of workers have quickly adapted themselves to the new mechanism and have acquired modern technology and good management experience, thereby contributing to the vigorous and steady development of a number of business establishments.

Many workers are able to handle high-tech projects. A contingent of highly qualified workers, both in terms of theory and practice, has been formed to meet the requirements of many industrial sectors like oil and gas, post and telegraph, electronics, computer science, cement, iron and steel..., thereby contributing to turning these sectors into key elements of the national economy. Furthermore, it is encouraging to note that

the educational level of workers has been improved. About 70 percent of state sector workers have currently completed the basic education level and above, and 66 percent have reached professional grade 4 and above. A number of workers, especially young ones, have foreign language and computer skills and have mastered new technology and marketing sciences. The pace of intellectualization has markedly increased with every passing day among the working class.

Our country is shifting to a new stage, the stage of accelerating industrialization and modernization to serve the goals of enriching the people, making the country powerful, and of bringing about justice and civilization in the society. To make this great undertaking come true, each worker and the working class as a whole must develop a sense of mastership, practice thrift, and fight against corruption, wasteful spending, bureaucracy, and other social vices. Constant efforts must be made to improve everyone's knowledge in all fields; to acquire management experience and modern technology; to increase productivity, quality, and efficiency; as well as to carry on and fulfill the historic mission of building and safeguarding the socialist Vietnamese fatherland. In the process of national industrialization and modernization, the working class has constantly developed its strength, both quantitatively and qualitatively, and has gradually become a modern Vietnamese working class. (...)

(...) Nowadays, to fulfill its leadership role in the revolutionary struggle to firmly safeguard national independence, develop the fatherland into a powerful, rich, beautiful, and civilized country, and bring about a plentiful and happy life for the people, our party must renovate and revamp itself and must become pure and firm to meet the expectations of the people. We must broaden the great universal solidarity bloc and must translate the determination of the party and the working class into the determination and strength of our compatriots nationwide so as to successfully implement the cause of national renovation, industrialization, and modernization. As an immediate objective, efforts must be made to overfulfill the tasks for 1996, thereby creating the premises and conditions for implementing the tasks to be set forth by the eighth National Party Congress. The working class and trade union organizations of all sectors and at all echelons must take the lead in implementing these tasks. (...)

Australia

Australia: Editorial Decries 'Racism' in Election Campaign

BK0503040396 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 5 Mar 96

[Editorial: "Racism the Worst Part of Election" — received via Internet]

[FBIS Transcribed Text] When Ms Pauline Hanson, the newly elected member for the Queensland seat of Oxley, came out claiming victory for the "white community", and stating that she intended to represent everyone, "apart from the Aboriginal and Torres Strait Islanders", it was the political low point of what, from a multicultural perspective, had been a pretty unedifying election.

That Ms Hanson, who had been disendorsed by the Liberal Party after claiming Aborigines got preferential treatment for jobs and housing, won Oxley — previously the safest Labor seat in Queensland — with a swing of 23 per cent highlights just how unedifying it was.

For while the nature of her victory was muddled by the fact she continued to be portrayed as the Liberal candidate, due to the way her disendorsement occurred so close to the election date, there is little doubt the size of the swing reflected the way she tapped into a racist vein in her electorate.

Much the same can be said about Mr Bob Katter's victory in Kennedy, where he retained the Queensland seat for the National Party with a large swing. This is the same Mr Katter who first talked about "slanty-eyed ideologues" and followed it up a week later with the comment that it was "nigh on impossible to send your kids away to (boarding school in) 11th or 12th grade unless you're rich or unless you happen to be of Aboriginal descent".

In the same way Mr Graeme Campbell, expelled from the Labor Party for his racist comments, was able to retain the Western Australian seat of Kalgoorlie by capturing more than 35 per cent of first preferences despite running as an independent.

Even Mr Bob Burgess, the National Party candidate in the Queensland seat of Leichhardt, garnered a 7 per cent swing in a seat where the dominant candidate was the Liberal, Mr Warren Entsch, who won with a swing of only 1 per cent or so. The much bigger swing to Mr Burgess came despite — some might say because of — the publicity which surrounded his comment describing Australian citizenship ceremonies as "de-wogging" ceremonies.

That candidates who gave voice to these sort of racist attitudes won such strong support is a worrying sign. For while it certainly doesn't mean Australia's drive to build a tolerant, multicultural society has failed — remember, the victories outlined here were confined to rural or semi-rural Queensland and Western Australia — it does stand as a warning that an even bigger effort needs to be made to overcome the deep-seated racial prejudice which obviously exists in parts of Australia.

Certainly, it would be unfortunate if the new Federal Government led by Mr John Howard showed any less commitment to promoting multiculturalism than Labor did over the preceding 13 years. At the very least the new Government should resist the temptation to dismiss the emphasis on multiculturalism as merely a manifestation of political correctness — as a policy which is driven by a desire to be seen to take the high moral ground rather than a policy which is crucial for building racial and cultural tolerance in Australia's increasingly complex society.

In this connection Mr Howard should rethink his opposition to the previous government's Racial Hatred Bill. While there are legitimate reasons for questioning aspects of that legislation, the bill as a whole has the potential to stand as a symbol of this country's official rejection of racism in all its manifestations.

While it would impose heavy penalties on overt racist abuse, it would not prevent an open debate of important, related issues, in particular, the question of the appropriate level of immigration Australia should target.

Nor should it prevent a discussion of the way different cultural groups, with different value systems, face stresses and strains when attempting to work together as a part of one society. This is a complex issue, and a difficult challenge. The debate, however, should never be permitted to slide into racial abuse, whether extreme or merely aside.

In dealing with the multicultural challenge, the new Howard Government needs to appreciate just how sensitive this issue can be. Even its policy of extending the qualifying period for migrants to become eligible for social welfare is one which may be seen by some groups as unfairly discriminatory. While tough means-testing of welfare is sensible, the wisdom of targeting migrants is, at the very least, questionable.

Overall, the election campaign and its aftermath, by placing the spotlight on the pockets of racism which exist in this country, should serve to remind Mr Howard that the task of building social cohesion in a multicultural society will continue to be a major responsibility of the Federal Government. If he fails to address this

responsibility, the racist overtones of the next federal election campaign could be even worse than the last.

Australia: New Cabinet List Reported

BK0803070096 Hong Kong AFP in English
0636 GMT 8 Mar 96

[FBIS Transcribed Text] Sydney, March 8 (AFP) — The new Australian cabinet under premiership of John Howard:

Cabinet ministers:

John Howard, Prime Minister [PM]

Tim Fischer, Deputy Prime Minister, Trade Minister
Peter Costello, Treasurer
John Anderson, Primary Industries and Energy Minister
Robert Hill, Senate Leader and Environment Minister
Richard Alston, Communications and Arts Minister
Peter Reith, Industrial Relations Minister
Jocelyn Newman, Social Security Minister, Minister
Assisting the PM for the Status of Women
Alexander Downer, Foreign Affairs Minister
John Moore, Industry, Science and Tourism Minister
Ian McLachlan, Defence Minister
Michael Wooldridge, Health and Family Services Minister
John Fahey, Finance Minister
Amanda Vanstone, Employment, Education, Training
and Youth Affairs Minister
John Sharp, Transport and Regional Development Minister

Non-cabinet ministers:

Philip Ruddock, Immigration and Multicultural Affairs
Peter McGauran, Science and Technology
David Kemp, Schools, Vocation Education and Training
Jim Short, Assistant Treasurer
Warwick Parer, Resources and Energy
Geoff Prosser, Small Business and Consumer Affairs
Judi Moylan, Family Services
Bronwyn Bishop, Defence Industry, Science and Personnel
Daryl Williams, Attorney-General and Justice
Warwick Smith, Sport, Territories and Local Government
Bruce Scott, Veterans' Affairs
John Herron, Aboriginal Affairs
David Jull, Administrative Services

New Zealand

New Zealand Editorial on Impact of Australian Elections

BK0203124496 Christchurch THE PRESS in English
29 Feb 96

[Editorial: "Implications for NZ" — received via Internet]

[FBIS Transcribed Text] Radical changes to trans-Tasman relations are unlikely if the Liberals win the Australian election. The conservative Coalition has given its approval to CER [Closer Economic Relations] and to the less formal defence arrangement, a position reflecting that of the Keating Labor Government. This is beneficial to New Zealand. Australia's importance means New Zealand must maintain productive relations with it no matter who is in power in Canberra.

The election campaign is not over and New Zealand might again be thrust to the fore of the debate. The economic and industrial changes made here have been characterised (sometimes caricatured) as wonderful by the Coalition and disastrous by the ALP [Australian Labor Party]. The two countries have long been social, economic, and industrial laboratories for each another, and trans-Tasman niggling has long been heard, but it is only in the last two elections that the exchanges have been so politicised.

The Coalition has not said that it will adopt the New Zealand way in its totality. In any case, the federal system and the existence of a senate as well as a house of representatives means that a Canberra government cannot make sweeping changes. The Coalition says that it will pick and choose among the economic and industrial changes adopted by New Zealand.

It is quite mistaken to take the view that Australia is where New Zealand was several years ago. Some parts of the economy— notably the waterfront— certainly need reforming; others have already undergone considerable change, albeit in a rather more measured way than was done in New Zealand.

A conservative government in Australia might find itself more comfortable with a conservative government in New Zealand, though that does not necessarily follow. The Muldoon and Fraser administrations were never comfortable with each other. Nor was the Hawke Government comfortable with the Lange Government. The Keating Government has been comfortable with the Bolger Government, although the prime ministers are not close. In foreign affairs Gareth Evans and Don McKinnon have different styles but not many differences in outlook.

Coalition policy papers make it clear that the single aviation market concept between New Zealand and Australia is still alive and well. The Keating Government did not bury the concept though it changed the rules drastically and has not set a date for its implementation. However, the Coalition says that there would have to be a lot of consultation with Qantas before implemented.

The present ALP Government has been active in regional affairs, partly because of its traditions and partly because of the enormous energy and enthusiasm of Senator Evans. If the Coalition wins, it is not expected that Alexander Downer or Robert Hill, the two most often spoken of as being foreign minister in a Coalition Government, would be as involved in East Asian affairs. The Coalition has spoken of more emphasis being given to traditional friends—New Zealand, the United States, and Papua New Guinea were mentioned. At a personal level, Mears Howard and Downer have been to New Zealand in recent years and this has given them a familiarity with the country.

The Coalition in government might declare the country's finances parlous and use that as the justification for embarking on radical change. It would still have the restraints of the states and the Senate but if it did get its platform through, the New Zealand experience suggests a prolonged period of economic downturn would occur. Waterfront reform would help New Zealand exporters and importers but New Zealand could not but be badly affected if Australia entered years of recession.

New Zealand Editorial Views Australian Election Results

BK1103073296 Christchurch THE PRESS in English 4 Mar 96

[Editorial: "A Decisive Choice" — received via Internet]

[FBIS Transcribed Text] Australia does not change its governments frequently but did so with a vengeance on Saturday. The size of the victory of the Liberal Party-National Party Coalition is such that it is hard to believe that this will be a one-term government. Before the election many Australian Labor Party (ALP) parliamentarians and supporters, reading the polls, knew that there was a good chance that Labor would not win the election but must have hoped that the electorate would become fed up with the Coalition after three years and that Labor would regain power in time for the celebrations of the Olympic Games and the centenary of federation. By Saturday night it was clear that it would take a remarkably volatile Australian electorate to produce the swing that could carry Labor back to power in another three years.

Because Labor will not be able simply to carry on after a break of three years it is no exaggeration to say that this is the end of an era. In his concession speech, which bore all the marks of having been carefully prepared some time previously, Paul Keating, the Prime Minister, talking mainly to the party faithful, held forth at length on the accomplishments of 13 years of Labor Government. Those 13 years certainly had a telling — perhaps the most telling — influence on the willingness of Australians to get rid of the Government.

But the very length of the life of the ALP Government had another important significance for Australian politics. Until the Labor Government under Gough Whitlam came to power in 1972, Australia had been ruled for many years by conservative Coalitions. The brief Whitlam Government, dismissed ignominiously by the Governor-General in 1975, did not remove the issue of whether the Coalition could assume that its members were "born to rule" or that they were the "natural party of government". The 13 years since 1983 have done that, even to the extent that sometimes Labor politicians have talked of Labor being the "natural party of government". Such phrases contain an arrogance that does democracy no good. The extended period of Labor rule has, however, meant a change in the perception of the governance of Australia.

Paul Keating, no stranger to arrogance himself, did not touch on that point. That aside, the legacy of the Labor has some impressive aspects. Deregulation was implemented, albeit in a less dramatic way than in New Zealand. Never mind that it had been talked of by the previous Government; it was still implemented under the Hawke and Keating Governments. Tariffs were cut. The country was turned as never before to look outward. A fear of Asia, including Indonesia, had haunted Australia. Paul Keating's Government did much to put paid to that fear and the conclusion of a security arrangement between Indonesia and Australia gave a symbolic burial to the notion.

Domestically, the Government managed a compact between itself and the union movement to control inflation and it did much to heighten the awareness in Australia of Aboriginal issues. In health it established a scheme that won acceptance by many Australians. It probably shifted the social-policy debate closer to the Centre so that a successor Government will find it hard to abandon some principles. The Labor Government certainly had many failings, notably over reform of the waterfront and over youth unemployment, but Mr Keating was probably correct in arguing that the Labour Government had shifted the ground of what was acceptable in Australia. Although the firm rebuttal by the electorate of Labor might be said to be a rejection of some of these Labor

policies, it could equally be said that the population felt more comfortable with a Coalition Government because the parameters had now been set.

John Howard comes to power with a huge mandate. The argument will be about exactly what the content of the mandate is. He had announced that the Coalition would partially privatise Telstra, the former Telecom, and so could legitimately claim that the sale should go ahead. After that, things get a bit murkier. He has been praised by his own supporters and even by some Labor supporters for running an issues-based campaign compared with Mr Keating's emphasis on "the big picture", but when precision is looked for it is hard to find. He has made promises but, as the article published on this page today says, some of the promises are not consistent with one another. He will also face huge pressures: from the large number of back-benchers, from the business community, from the National Party with which he will be in the Coalition, and from the Liberal Party organisation. He will have few experienced ministers to call on, which will make governing hazard-prone. All these pressures might mean that Mr Howard is forced towards a more radical programme than he has presented.

Add to that the suspicion voiced from time to time in the election campaign that the finances of the Government would not be in a sound position. Governments, sometimes legitimately, sometimes not, have used the excuse that what they found when they opened the books was not what they had been told they would find and that therefore they could not do what they promised. If Mr Howard uses it he might be hard put to it to convince his audience that his surprise was entirely genuine.

New Zealand: Ties With Europe Ahead of Minister's Visit Viewed

BK0203124696 Christchurch THE PRESS in English
24 Feb 96

[Editorial: "Attention to Europe" — received via Internet; all dollar figures in New Zealand dollars]

[FBIS Transcribed Text] Don McKinnon's visit to Europe at the beginning of next month should help correct some impressions Europe has gained about New Zealand's foreign policy interests over the last few years. The Government has been on a campaign to heighten the profile of Asia, particularly East Asia, to New Zealanders. It was a sensible and necessary campaign, which will have to continue for some time yet. It was never intended to be at the expense of attention to Europe, or to deny Europe's importance to New Zealand in historical terms, in family links, in traditions, in values, and in trade, but the perception of

many of those Europeans who had to deal officially with New Zealand, or those who otherwise thought about New Zealand was that this country was turning its back on Europe. A visit by the Minister of Foreign Affairs and Trade to a number of European capitals cannot be expected to turn the impression around completely, but it should go a considerable distance towards doing that.

The impression of the country turning its back on Europe was not deliberately created by the Government. To some extent it was inevitable. The Government sought to dramatise the importance of East Asia, and there were some dramatic developments in Asia in the rapid economic growth, the emergence of the middle classes, the increased wealth, and the growing confidence.

It was exciting to think that the concentration of wealth had moved to regions closer to New Zealand. For much of its trading life New Zealand has depended on Europe. The interminable negotiations over butter and sheepmeat dominated New Zealand thinking and New Zealand trading conditions for many years and the departure of a New Zealand Foreign Minister, often at short notice, to defend a vital trade added to the prominence of Europe in New Zealand's thinking. Asia seemed to present new opportunities and to contrast with Europe. Occasionally there were some exaggerations such as that South Korea had replaced Britain as New Zealand's fourth largest export market, but mostly the enthusiasms stayed within bounds. In the orientation towards Asia it was easy to ask whether New Zealanders should be learning Mandarin instead of French. The drive towards Asia also came at a time of questioning of New Zealand identity and the Maori renaissance, which meant some rethinking about European culture. In European minds, New Zealand also sometimes gets swept along in Australia's wake and in Australia the downplaying of Europe was more pronounced.

A glance at trade and investment statistics alone shows that New Zealand has very strong ties with Europe, particularly the European Union to which Mr McKinnon will pay a lot of attention. The European Union takes 16 per cent of New Zealand's exports, worth \$3.3 billion, and the imports are roughly the same value. It is the largest market for sheepmeat, butter, apples, hides, skins, and, interestingly enough, wine. It is the third largest investor in New Zealand after Australia and the United States and ahead of Asia. In the 1991-1994 period European investment in New Zealand amounted to \$2259 million. French investment alone in New Zealand creates 3700 jobs. About 19 per cent of all tourists to New Zealand come from the European continent and the same percentage of migrants to New Zealand come from European countries.

The outcome of the Uruguay Round did away with the need for New Zealand to negotiate each year on the quotas for butter and sheepmeat to be admitted to Europe. Historical access was locked in. Mr McKinnon will be talking about other matters. Some important developments will occur in Europe this year, many of them coming from the Intergovernmental Conference (IGC), which will discuss the future of the European Union. Although some of the developments seem procedural they have serious implications. The IGC will deal with questions of the enlargement of the European Union, how the presidency will work, and whether decisions will be taken by consensus or by majority vote. The EU now has 15 members; Malta and Cyprus will be the next to join; and several Eastern European countries also want to join.

In some of these countries, including Poland, agriculture is an important industry. But if Polish farmers received the subsidies farmers within the EU now receive, the Common Agricultural Policy (CAP) would undoubtedly break the EU financially. So a further enlargement of the EU might mean big changes in the CAP. This might create more opportunities for New Zealand but also might mean that New Zealand would face greater competition from other countries. New Zealand's status as an area free of foot-and-mouth disease is not as important as it used to be because areas in countries can now be declared free. In Argentina, for instance, large agricultural areas have been declared free of foot-and-mouth disease and are able to export to Europe.

The discussions will not be confined to trading matters. The North Atlantic Treaty Organisation is under pressure from countries of Eastern Europe to admit them as members. Germany would like to see Nato's frontiers expand eastwards. But Russia does not want to see Nato's frontiers touch its own borders.

Mr McKinnon should also have the opportunity to remind European leaders that New Zealand took part in the United Nations force in Bosnia and that a number of New Zealand servicemen are still in Bosnia. Mr McKinnon will visit some of the new members of the EU. Previous New Zealand Foreign Ministers have neglected to make an official visit to Finland. Mr McKinnon's visit should help to correct any damage caused by that neglect.

New Zealand: Bolger Government Agrees To Enter Into Coalition

*BK0203124196 Christchurch THE PRESS in English
29 Feb 96*

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The National Government will admit an outside member to Cabinet under an historic agreement with the United New Zealand Party that ushers in the first formal coalition Government since the 1930s.

This is the first time in peacetime, a governing party has admitted to its executive a member of an outside party since the 1931-35 United-Reform government.

Prime Minister Jim Bolger and United leader Clive Matthewson yesterday signed the two-page coalition agreement before releasing copies to the media.

Under the pact, which lasts until the election, the two agree to work together to maintain "political stability and promoting sound economic and social policies".

Mr Bolger said it was too early to say what influence United would have on policy.

"There's a broad commonality of views between the parties. If there wasn't, we couldn't operate. But clearly there will be a different emphasis. We'll obviously seek to minimise differences on legislation because we'll need each other's support on legislation."

Dr Matthewson said United knew it was the smaller of the two and would not try to hold the Government to ransom. At the same time, as a coalition partner United wanted to have its say, and provide a check on the Government.

United has agreed to give its support to the Government on votes it declares matters of confidence. On legislation, the two are expected to reach an agreed position before bills are introduced.

In return, United gets its seat at the Cabinet table. In a related move, National has agreed not to stand a candidate at the next election against MP Peter Dunne in Ohariu-Belmont. Mr Dunne is set to occupy the United spot when Mr Bolger gives details of his Cabinet reshuffle today.

Otherwise, the agreement says, each party will conduct the campaign as a separate party with its own policy platform and acknowledges there will be competition with the other party for voter support.

With the exception of confidence issues— which United has to support whether it agrees with the issue or

not—disagreements will be referred to a disputes group comprising the leader and deputy leader of each party.

Each would have "fair and equitable" representation in parliamentary processes including questions, speaking chances, and committees.

New Zealand: Prime Minister Announces Cabinet Reshuffle

*BK0203124296 Christchurch THE PRESS in English
1 Mar 96*

[Unattributed report — received via Internet]

[FBIS Transcribed Excerpt] As the Government gears up for the election, Prime Minister Jim Bolger yesterday unveiled a bigger- than-expected Cabinet reshuffle, moving Lockwood Smith from the sensitive education portfolio and Paul East from Crown health enterprises (CHE).

Mr Bolger said the reshuffle was a "significant realignment of responsibilities" designed to identify key figures in a Bolger Government after this year's election. He denied the move was driven by the Government's unpopular record in education and health. The move was no reflection on Dr Smith, whom he said was an outstanding Minister of Education.

Labour and the Alliance criticised Dr Smith's record and welcomed his move from the portfolio. Sector groups were more generous, with the secondary teachers' union calling it a chance for a fresh start.

Dr Smith, who becomes Minister of Agriculture and Deputy Minister of Finance, said he did not view the shift as a demotion. Tensions with teacher unions were inevitable in his job, and had not contributed to the move. He was proud of his record in education and looked forward to the challenge ahead.

Dr Smith, whose education portfolio passes to Wyatt Creech, indicated last year that he no longer wanted the job. Mr Bolger said he could not afford to let such a key portfolio stagnate, and, given Dr Smith's stance, had decided to move him. For similar reasons, he had decided to take agriculture from retiring Minister John Falloon.

Mr Creech, previously Deputy Minister of Finance and Revenue Minister, said he did not seek the job, but agreed to do it when asked. He keeps his job as Minister of Employment. Mr Bolger said a key reason for giving education to Mr Creech was the interface between education and employment.

He said National's new coalition deal with United New Zealand and the retirement from ministerial rank of Otago MP Warren Cooper also influenced the new

line-up. His Cabinet grows to 20 under the shake-up, although Mr Bolger repeated yesterday that under MMP [mixed member proportional electoral system], Cabinet ideally would shrink to 12 to 15 members.

Peter Dunne, who gains his Cabinet seat under a coalition deal between the Government and United, is one of two MPs to be elevated to Cabinet rank. He gets 19th ranking, one ahead of Wallace MP Bill English, the other newcomer. Mr Dunne gets internal affairs from Mr Cooper, and revenue from Mr Creech.

In other moves, fourth-ranked Mr East loses the CHE portfolio to Mr English, who before being elevated to Cabinet was an under- secretary to Mr East and to Health Minister Jenny Shipley.

Mr East gains defence and war pensions from Mr Cooper. Mr East also gains the new portfolio of corrections. He keeps his job as Attorney-General and Minister of State Services.

As well as gaining the key CHE portfolio from Mr East, Mr English becomes Associate Minister for Education, a job previously held by Matamata MP John Luxton. Mr English's elevation was widely expected. Mr Luxton gains industry and commerce, held previously by Philip Burdon, who is retiring. Minister of Tourism John Banks gains civil defence from Mr Cooper. [passage omitted — further on new education minister]

Papua New Guinea

Papua New Guinea: ICRC, OPM Discuss Irian Jaya Hostage Crisis

*BK1003095596 Melbourne Radio Australia
in English 0600 GMT 10 Mar 96*

[FBIS Transcribed Text] A major breakthrough may be imminent in the hostage drama in the Indonesian Province of Irian Jaya. Officials from the International Committee of the Red Cross (ICRC) have met in the Papua New Guinea (PNG) capital, Port Moresby, with representatives from the Free West Papua Movement, the OPM [Organisasi Papua Merdeka or Free Papua Movement]. Sean Dorney reports that they are returning to Irian Jaya with the letter for the OPM commander holding the hostages.

[Begin Dorney recording] The OPM commander, Kelly Kwalik, whose men have been holding the 12 hostages—including British, Dutch and West German nationals—since 8 January, told the Red Cross he was prepared to take orders from one man, Mozes Weror, a PNG-naturalized citizen who's chairman of the OPM Revolutionary Council. Weror has spent hours in intensive negotiations with the Red Cross officials at a secret location here in Port Moresby.

I understand Mr. Weror has written a letter to Kelly Kwalik and prepared a communique, the details of which will be released after the ICRC officials have returned to Irian Jaya and hand delivered the letter to Kwalik. [end recording]

Papua New Guinea: Moses Weror Directs Release of Hostages

*BK1103020196 Melbourne Radio Australia
in English 0100 GMT 11 Mar 96*

[FBIS Transcribed Text] The chairman of the Free West Papua Revolutionary Council has directed that 12 hostages held in the central mountains of Irian Jaya for two months be released. Sean Dorney reports that the breakthrough came after two days of negotiations in Port Moresby between International Red Cross officials and the Free West Papua or OPM (Operasi Papua Merdeka) Revolutionary Council chairman, Moses Weror.

[Begin recording] [Dorney] The Red Cross officials are flying back to Irian Jaya with a letter written by Moses Weror telling the bush rebel commanders that their work is done. The cause of the indigenous people of Irian Jaya has regained international attention and it is time to let the hostages, who include British, Dutch, and German scientists, go.

[Weror] I call for the release of the 12 hostages pending the return of the ICRC [International Committee of the Red Cross] delegation to Wamena, West Papua; and the date of their release shall be determined by the date the personal letter is delivered by hand to the commanders — Kelly Kwalik and Daniel Yudas Kogoya.

[Dorney] That day is expected to be tomorrow. [end recording]

Papua New Guinea: Prime Minister Approved by Parliament

*BK0103090596 Melbourne Radio Australia
in English 0500 GMT 1 Mar 96*

[FBIS Transcribed Text] Papua New Guinea's [PNG] prime minister has successfully won parliament's approval for him to remain in power until the country's next election due in about 15 months. Sean Dorney reports that Sir Julius Chan's government easily succeeded in adjourning the parliament for four and a half

months thereby avoiding any vote of no-confidence in the prime minister's leadership.

[Begin Dorney recording] Under PNG's constitution, a new prime minister gets an 18-month period of grace during which he cannot be displaced; that wears out today for Sir Julius Chan. He was voted into power on 30 August 1994 after Paia Wingti resigned. The constitution also provides for an immediate national election, something no member wants, if the prime minister is toppled in the last 12 months of the five-year parliamentary term. That last 12 months begin in mid-July. So last night the parliament closed and it won't sit again until 16 July when this four-and-a-half-month window of danger for Sir Julius will have passed. [end recording]

Solomon Islands

Solomon Islands: New Zealand Denies Refuge for Rebel Spokesman

*BK0703074896 Melbourne Radio Australia
in English 0500 GMT 7 Mar 96*

[FBIS Transcribed Text] New Zealand has rejected a request that the spokesman for the Bougainville rebels based in Solomon Islands, Martin Miriori, be granted temporary refuge. The New Zealand high commissioner in Honiara, (Reeve Richards), says Mr. Miriori was told of the rejection last week. However, Solomons Radio says (Mr. Richards) was unable to say why New Zealand had rejected the request. Mr. Miriori was encouraged to approach New Zealand after the Solomons deputy prime minister, Danny Phillip, said he would like either New Zealand or Australia to give temporary residence to the rebel spokesman and his family. Mr. Miriori has been granted refugee status by the representative in Australia of the UN High Commissioner for Refugees. Solomons Radio quotes the Australian High Commission in Honiara as saying it still has to receive an application for residence from Mr. Miriori.

Meanwhile, Mr. Phillip has acknowledged Papua New Guinea's [PNG] concern that Mr. Miriori's presence in Honiara continues to undermine the improved relationship between PNG and Solomon Islands.

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